

Teignbridge District Council



South West Improvement & Efficiency Partnership Insurance Framework User Guide

Tendering on behalf of:



Issued by:-

**Teignbridge District Council
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1. Introduction

South West Improvement & Efficiency Partnership has established an insurance Framework for the purchasing of Insurance cover and have invited applications from authorised insurance companies to form a consortium insurance framework for English District and non-Metropolitan Borough Councils and National Parks Authorities, associated and subsidiary organisations and Members of the SW Advantage Procurement Club.

Once the framework is in place, there will be a uniform “mini-tender” process through which individual authorities will present their insurance requirements to the South West Improvement & Efficiency Partnership Insurance Framework service providers using a standard market presentation template.

The Framework will be accessible by eligible authorities directly or in conjunction with their appointed insurance brokers/advisors.

Eligibility

Authorities eligible for initial membership of the South West Improvement & Efficiency Partnership are as follows: -

Torridge District Council	North Dorset District Council
North Devon District Council	West Devon Borough Council
South Hams District Council	Stroud District Council
Teignbridge District Council	Kennet District Council
East Devon District Council	Mid Devon District Council
Taunton Deane Borough Council	Cheltenham Borough Council
West Somerset District Council	Cotswold District Council
South Somerset District Council	Forest of Dean District Council
Sedgemoor District Council	Tewkesbury Borough Council
West Dorset District Council	Gloucester City Council
Weymouth and Portland	Christchurch Borough Council
Purbeck District Council	Exmoor National Park Authority
Dartmoor National Park Authority	
East Dorset District Council	

The following contracting authorities which are members of the Advantage South West Procurement Club may access any framework or contract resulting from this notice:

Devon & Cornwall Housing, East Dorset Housing Association, North Devon Homes, Ocean Housing, Penwith Housing Association, Purbeck Housing Trust, Synergy Housing Group, Tarka Housing, Tor Homes, Teign Housing, Westcountry Housing, Weymouth & Portland Housing, Yarlinton Housing and other contracting authorities in the South West of England as may join Advantage SW.

Other English District, non-Metropolitan Borough Councils and entities or organisations financed, managed or controlled by them, or National Parks Authorities are eligible to join the consortium and access the Consortium Insurance Framework provided they apply to the Consortium for membership and are prepared to accept and sign the Consortium Framework Users Agreement.

Benefits of Using the Framework

The potential benefits to users of the framework will include

- Administration efficiencies for Members
- Reduction in Broker costs for preparing the tender document
- Increased Competition from Insurers
- Access to a quicker and simpler OJEU compliant tender process
- Enhancements to cover
- Potential Collaborative Purchasing Discounts

Objectives of the Framework

An objective of the consortium framework is that participating authorities will benefit from competitive premiums and (where applicable) claims handling fees which are discounted on the basis of overall volumes of business written by each service provider under the framework.

Under this arrangement, increases in the volume of business to each insurer is expected to lead to increased discount rates for all authorities insured with or placing business that insurer or service provider.

This is an important marketing tool in that it provides members with a tangible link between premium rates and collective purchasing behaviour within the constraints of a relatively uniform tendering environment.

Insurers and claims handlers are encouraged to address this discount specifically in their applications and put forward proposals for volume business discounts to users of the framework agreement in recognition of: -

1. the standardised presentation of tender information from eligible authorities
2. a more objective and systematic assessment of tenders in accordance with prescribed, transparent contract award criteria;
3. being part of a finite panel of service providers operating within a more structured tender process
4. A greatly simplified tender process insofar as the selection part of the procurement process will only need to be addressed once for this group of local authorities in a four year period, rather than for each authority on a case by case basis.
5. access being given to a large number of tendering opportunities every year because members who choose to use the Framework will be compelled to approach **ALL** of the Framework insurers for quotations in respect of each Lot for which quotations are needed in order to achieve compliance with the EU Public Procurement regulations. This will greatly reduce the marketing effort required by any insurer wishing to build up or consolidate their position within the local authority sector.

Another objective of the tendering exercise is for the Consortium to seek enhancements of cover, service standards and added value services from insurers appointed to the Framework. Insurers are requested to put forward specific proposals as part of their application and consortium members will be encouraged to review such offers and statements as part of the qualitative contract award criteria used in the “mini-tender” process.

The proposed mechanism for generating these benefits is by the formation of a Framework Agreement with insurers appointed to quote to all applicants for a maximum duration of 4 years. South West Improvement & Efficiency Partnership is not setting out to limit the number of insurers

but rather to maximise competition for the benefit of the eligible authorities. However, insurers will be expected to qualify by satisfying the selection criteria set out in this tender document. The process for tendering and utilising the Framework will be carried out in accordance with the public procurement legislation.

Use of the Framework

Individual Members will only be permitted to gain access to the Framework's terms and benefits by inviting **ALL** appropriate providers in the Framework arrangement to bid for their business in a streamlined "mini-tender" process. In return, providers must submit detailed quotations in response to **ALL** mini-tender requests. The only permitted exceptions to this will be if the individual authority fails to provide insurers with sufficient timescale for underwriting or fails to provide the required information in the tender document. Failure by an insurer to respond to all quotations in the absence of a permitted exception will lead to a review of the framework status by South West Councils who reserve the right to remove an insurer from the framework.

Alternative Options

Consortium members and eligible authorities are not contractually bound to use the Framework but if they elect not to do so they will need to tender their insurance requirements in isolation and in accordance with the public procurement legislation. In view of the saving in procurement time and anticipated benefits offered by insurers appointed to the Framework, a high usage of the Framework is expected.

Consortium members using the Framework may elect to obtain specialised covers such as Marine or Aviation risks from outside the Framework if there are insufficient insurers qualifying for these Lots, but this option is likely to be exercised relatively rarely.

Insurer Commission

In the event that an insurer appointed to the Framework requires cover to be placed through the agency of an FSA registered insurance broker appointed by an individual Framework User, it is accepted that a commission of not more than 2.5% may be paid by the insurer to the appointed broker as compensation for work undertaken by the broker on behalf of the insurer. Any such payments are to be declared to the Framework User upon request.

2. Use Of Lots

In order to facilitate the maximum competition, the sections of insurance policy coverage have been broken down into 9 Lots: -

LOT 1 – PROPERTY INSURANCE
LOT 2 – LIABILITY INSURANCE
LOT 3 – MOTOR VEHICLE INSURANCE
LOT 4 – ACCIDENT & HEALTH INSURANCE
LOT 5 – FINANCIAL LOSS INSURANCE
LOT 6 – LEGAL EXPENSES INSURANCE
LOT 7 – ENGINEERING INSURANCE & INSPECTIONS
LOT 8 – MARINE INSURANCE
LOT 9 – PROFESSIONAL LIABILITY INSURANCE

The Framework can be utilised for as many or as few Lots as the Member wishes to encompass. We would recommend that you do attempt to tender for as many Lots at a single time as possible as one reason for the establishment of the Framework is reduce administration costs for both the Framework Members and the Framework Providers.

3. Eligibility

The Framework is intended to be utilised as Long Term Agreements expire or when they are broken by Insurers. We do not encourage Long Term Agreements to be broken by Members in order to access the Framework.

4. Framework Providers

Framework Insurers have been agreed individually for each of the 9 Lots. These are as follows: -

Insurer	Lot 1	Lot 2	Lot 3	Lot 4	Lot 5	Lot 6	Lot 7	Lot 8	Lot 9
Zurich Municipal	√	√	√	√	√	√	√	√	√
Travelers	√	√	√		√				√
Allianz Engineering	√*						√		
Aviva Insurance UK Ltd	√	√	√	√	√	√	√	√	√
Risk Management Partners	√	√	√	√	√		√		√
Aspen Insurance	√	√							
Ecclesiastical	√								
Liberty Mutual		√**							
Tokio Marine	√								
RSA Engineering							√		
Ace Insurance				√					

* In respect of Computer Insurance and Contract Works insurance only

** In respect of Environmental Impairment Liability Insurance and Pollution cover as a stand alone policy

Summary of Framework Insurers

Tokio Marine

Tokio Marine Europe Insurance Company is registered in the UK as a Limited Company (Reg 989421) and is also registered for VAT (Reg 577511815).

FSA Registration number is 202574.

Financial & Economic Standing

Tokio Marine have a current Standard & Poors Rating of AA which is significantly in excess of the minimum of BBB rating required for Lot 1 – Property insurance.

Tokio Marine Europe Insurance Ltd is part of the Tokio Marine Group with the ultimate parent Company being the Tokio Marine and Nichido Fire Insurance Co Ltd of Japan. A reassuring aspect is that a parental guarantee is in place so that there is additional security offered by the whole group of companies.

Tokio Marine have indicated that they will provide the Framework service from their office in Birmingham. They have further offices in London and Manchester which gives them a reasonable geographical presence if the Framework develops on a nationwide basis.

Technical Capability

It is the intention of Tokio Marine to provide the claims handling service in-house. And claims handling costs are included within the insurers' premium rates. A relationship manager will be appointed to each client and there are clearly set out performance standards that the insurer will deliver.

Service Delivery

Tokio Marine have indicated that they are a broker only market and are not resourced to deal with policyholders direct. This effectively means that they will only place cover via a broker agency and rely upon insurance brokers to collect premiums on their behalf, provide credit control, premium accounting and to perform a role in the policy issue process which is critical to their FSA authorisation and approved business processes. Their application names Heath Lambert as their preferred broker but they have indicated they will work with other brokers who have a Terms of Business Agreement (TOBA) in place with them. We are confident that this arrangement will extend to all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users.

Service Standards, Discounts and Cover

Tokio Marine have confirmed that they intend to respond to every request for a quotation unless any tender documents contains exposures or insured values which fall outside of the insurers reinsurance treaty protection.

Tokio Marine have offered to consider providing wider cover or cover enhancements to their standard wording on a risk by risk basis, rather than offering to provide wider cover for all framework users. Whilst this falls short of what we were hoping to achieve, bearing in mind the potential variation in risk quality and risk exposures that they could be required to quote for, this is an understandably guarded response from an underwriting perspective.

Tokio Marine have offered an instalment option which would attract a 5% interest charge. We have clarified with the insurer that this offer refers to a monthly instalment option and the interest rate is 5% per annum.

The insurer's standard approach would be to offer a three year long term agreement which would not be broken provided that the loss ratio remained below 50%. Whilst ideally we would have liked a higher loss ratio quoted, this arrangement would give protection to Councils as and when the hard insurance market returns. Effectively what Tokio Marine are saying is that they will guarantee that the price of market capacity will not impact on their policyholders – only a loss ratio of >50% will trigger a breach of long term agreement.

The insurer has not offered to provide any additional services to policyholders either within premium rates or for additional cost. In this case the insurer considers that any risk control advice, surveys etc should be provided by the broker and they are structured to operate in this manner.

Allianz Insurance Ltd

Allianz Insurance Ltd is registered in the UK as a Limited Company (Reg 84638) and is also registered for VAT (Reg 384 463 821).

FSA Registration number for Allianz Insurance Plc and subsidiary companies is 121849.

Financial & Economic Standing

Allianz Insurance Ltd have a current Standard & Poors Rating of AA- which is significantly in excess of the minimum of BBB rating required for Lot 1 – Property insurance and Lot 7 – Engineering Insurance and Inspection services.

Allianz Engineering and Allianz Engineering Inspection Services are specialist trading units within Allianz Insurance Plc and provide specialist engineering insurance and engineering inspection services

Allianz have indicated that they will provide the Framework service from their London office with support from their Head office in Liphook, Hampshire, although locally based and qualified engineers will provide the inspection service to individual authorities, dependant upon the Council location. They have further offices in Birmingham and Manchester which would give them a reasonable geographical presence if the Framework develops on a nationwide basis.

Technical Capability

It is the intention of Allianz to provide the claims handling service in-house via their specialist engineering team based in Liphook.

Claims handling costs are included within the insurers' premium rates. A nominated claims handler will be appointed to each client and full contact details together with out of hours contacts will be provided to each authority.

Allianz have described their commitment to comply with the regulatory framework which governs their business, and the work of their internal Compliance Unit which monitors quality and compliance issues within the company. In addition, their internal audit team monitor and report on internal controls and risk management within the company.

Allianz are accredited as a SafeContractor and also accredited to BS EN ISO/IEC 17020 as a Type "A" Inspection Body by UKAS and have provided copy certificates as evidence.

Service Delivery

Allianz have indicated that they are prepared to deal direct with any local authority via the framework or will transact business via the agency of any FSA registered broker with whom they have a Terms of Business Agreement. We are confident that this arrangement will extend to all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users.

Allianz has provided a list of 250 public sector organisations for whom it has provided insurance cover

Service Standards, Discounts and Cover

Allianz have confirmed that they intend to respond to every request for a quotation. They have qualified their answer by stating that should they find themselves under resourced in a specific

area then their quotation for inspection services would reflect any additional costs of transporting engineer surveyors in to the area.

Allianz have offered a table of discounts to be applied to all policies if premium volumes via the Framework meet or exceed specific threshold limits. These thresholds and discounts are set out in the table below:-

Combined Fee/Premium	Inspection Fees	Insurance Premiums
> £100,000	1%	2%
> £250,000	2%	4%
> £500,000	3%	6%
> £1,000,000	5%	10%

We consider that the discounts proposed are offered at extremely reasonable and achievable threshold levels and offer an opportunity for Framework Users to secure additional savings if sufficient contracts are placed with Allianz.

Allianz will offer a monthly premium payment plan which attracts an interest charge of 8% per annum. Although this shows some flexibility on the part of the insurer, we consider the interest charge to be excessive and poor value for money. However the insurer has also offered a profit share clause which, subject to renewal with the insurer, will offer a 20% refund of premium if the incurred loss ratio is less than 10%, and a 10% refund if the incurred loss ratio is less than 20%. Again, in respect of the risk classes the insurer has applied to quote for, this gives Framework Users a real opportunity to save premium costs.

The insurer offers an discount of 5% of premium for a three year long term agreement and 10% for a five year long term agreement. Inspection fees would be adjusted annually to reflect increases in Retail Prices Index.

Allianz offer a range of specialist engineering services including testing services, lift maintenance audits, engineering consultancy and consultancy services relating to energy consumption. These include Display Energy Certification, and guidance and consultancy services on the Carbon Reduction Commitment and carbon trading strategies as a result of the Climate Change Act 2008.

Ecclesiastical Insurance

The Ecclesiastical Insurance Group is registered in the UK (Reg 1718196) and is also registered for VAT (Reg 477724800).

FSA Registration number is 113848.

Financial & Economic Standing

Ecclesiastical Insurance have a current Standard & Poors Rating of A- which is significantly in excess of the minimum of BBB rating required for Lot 1 – Property insurance.

The Company has a bias towards property risks which is reflected in the application to only write Property risks under the Framework. The company has a specific expertise in the insurance of historic and listed buildings and is a major insurance market for church buildings and schools.

Ecclesiastical Insurance is owned by the Allchurches Trust Ltd which is a registered charity that donates millions of pounds every year from the profits of the insurance business to support community life.

Ecclesiastical have indicated that they will provide the Framework service from their office in Gloucester. They have further offices in London, Birmingham and Manchester which would give them a reasonable geographical presence if the Framework develops on a nationwide basis.

Technical Capability

It is the intention of Ecclesiastical to provide the claims handling service in-house and this is would generally be the preferred option for Framework users. Claims handling costs are included within the insurers' premium rates and details of quality standards including ISO 9002 accreditation have been provided.

Service Delivery

Ecclesiastical have indicated that they are a broker only market and are not resourced to deal with policyholders direct. This effectively means that they will only place cover via a broker agency and rely upon insurance brokers to collect premiums on their behalf, provide credit control, premium accounting and to perform a role in the policy issue process which is critical to their FSA authorisation and approved business processes. Their application states that they currently deal with circa 4,000 brokers. We are confident that this arrangement will extend to all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users.

The insurer has written cover for local authorities, Royal Albert Hall, Chatsworth House, Blenheim Palace and 42 out of 43 Cathedrals. Ecclesiastical has written a number of property insurance risks for schools and local authorities at District Council and Unitary Council levels.

Service Standards, Discounts and Cover

Ecclesiastical have confirmed that they intend to respond to every request for a quotation, without qualification of that response.

The insurer is prepared to offer volume discounts but stops short of proposing threshold values and percentage rates. Their response is qualified to say that the extent of discounts will depend on both exposure issues and loss ratios

Ecclesiastical have offered to provide enhanced cover which varies from their standard wording, but only on a case by case basis. They have undertaken to adapt cover to provide maximum benefit to policyholders and also provide a bespoke risk management service for all clients. This is likely to be of more financial benefit to local authorities in helping reduce claim numbers and claim costs than providing additional cover extensions.

The insurer confirms that they will offer a Low Claims Rebate to individual policyholders and have provided a wording for the agreement which increases for the same loss ratio over each of three years within the long terms agreement.

Loss Ratio	Year 1	Year 2	Year 3
Less than 20%	5.0%	7.5%	10.0%
20% - 40%	2.5%	5.0%	7.5%

Ecclesiastical offer a standard 3 year Long Term Agreement wording and offer a 5% premium discount in return.

Ecclesiastical will offer a range of technical services to their customers, including risk management advice, business continuity services, training and health and safety advice. They offer to provide individual tailored packages for each client and offer 1 free day per annum of risk

management advice. They will add one further day per annum for every £75,000 of premium spend.

Aspen Insurance UK Ltd

Aspen is registered in the UK as a Limited Company (Reg 1184193) and is also registered for VAT (Reg 795579748).

FSA Registration number is 202644.

Financial & Economic Standing

Aspen Insurance UK Ltd have a current Standard & Poors Rating of A which is significantly in excess of the minimum of BBB rating required for Lot 1 – Property insurance and matches the minimum requirement of A for Lot 2 – Liability insurance.

Aspen Insurance UK Ltd is a subsidiary of Aspen Insurance Holdings Ltd. A reassuring aspect is that a parental guarantee is in place so that there is additional security offered by the whole group of companies.

Aspen have indicated that they will provide the Framework service from their sole UK office in London. From an underwriting perspective it makes sense to apply a consistent underwriting approach via a central team.

Technical Capability

Aspen have indicated that they will provide claims handling services in-house but may use third party claims administrators and loss adjusters (Lucas Associates) working to agreed Aspen service level agreement and standards. Claims handling costs are included within the insurers' premium rates.

Service Delivery

Aspen have indicated that they are a broker only market and are not resourced to deal with policyholders direct. This effectively means that they will only place cover via a broker agency and rely upon insurance brokers to collect premiums on their behalf, provide credit control, premium accounting and to perform a role in the policy issue process which is critical to their FSA authorisation and approved business processes. Their application comments that their agency list is dynamic but confirms that they have agencies with all of the brokers who are active in the local authority marketplace and will consider any broker proposed by a Framework User to represent them. We are confident that this arrangement will extend to all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users.

The insurer has provided a substantial list of public sector organisations for whom it has provided insurance cover under Lot 1 – Property insurance and Lot 2 – Liability insurance. They have referred to specific involvement with a number of English District Councils in particular.

Service Standards, Discounts and Cover

Aspen have confirmed that they intend to respond to every request for a quotation but that they reserve the right to decline any risk outside of their risk tolerance, regulatory framework or reinsurance treaty.

The insurer has undertaken to meet the KPIs set out in the insurer tender document and have confirmed that they will allocate both an underwriter and reserve underwriter to each local authority in order to guarantee response times.

Aspen have indicated that they will treat each risk on its merit and have not offered any blanket cover enhancement for Framework Users. Aspen have not offered any flexible payment terms

Aspen have stated that options for long term agreements will be considered on a case by case basis and that each risk will be treated on its merits. Aspen offer standard LTAs so this is not seen as an unsatisfactory or unreasonable proposal. However, it does not offer any specific Framework incentives either.

The insurer has offered full survey support in respect of property risks and assistance with risk management training and will contribute to each local authority's websites and internal newsletters. Liability surveys and claims feedback are included within the premium cost and service levels promised to Framework Users. Aspen also offer rehabilitation options as part of their response to Liability claims which often has a marked effect in reducing overall claim costs.

Travelers Insurance Company Ltd

Travelers Insurance Company Ltd is registered in the UK as a Limited Company (Reg 1034343) and is also registered for VAT (Reg 690809506).

FSA Registration number is 202549.

Financial & Economic Standing

Travelers have a current Standard & Poors Rating of AA- which is significantly in excess of the minimum of A rating required for Liability insurance classes and the BBB rating required for Lot 1 – Property insurance.

The Company has a strong record of writing UK insurance business, especially in specialist sectors such as transport and public sector. This track record is specifically relevant for the insurance risks that Travelers have applied to write for the English District Councils.

Travelers Companies Inc is the ultimate parent company of Travelers Insurance Company Ltd. Travelers Insurance Company Ltd is the international company the UK, Ireland and Canada.

Travelers have indicated that they will provide the Framework service from their office in Redhill which is where their public sector team is based and there are significant advantages in having a consistent approach to an "industry segment" and underwriting risks and managing claims from one office. They have further offices in London, Manchester, Leeds, and Birmingham which will give them a good geographical presence if the Framework develops on a nationwide basis. Travelers have a significant presence in the UK public sector market.

Technical Capability

It is the intention of Travelers to provide the claims handling service in-house via their own claims team. Generally we expect this to be the preferred option for Framework users. However, Travelers have indicated that they do allow a flexible approach to claims handling and will consider claims handling by individual policyholders or by their preferred claims handlers if that is a requirement. This shows that the insurer has a flexible approach and will work to accommodate the specific requirements of individual local authorities.

Claims handling costs are included within the insurers' premium rates and details of quality standards have been provided.

Service Delivery

Travelers have indicated that they would prefer to deal via an appointed broker but will deal direct with individual local authorities if that is the requirement of the tendering authority.

This response represents maximum flexibility for the individual Framework User by either allowing dealing direct with local authorities or by dealing with any of the recognised specialist public sector brokers in the marketplace.

Travelers have confirmed that they write cover for over 100 UK local authorities and will provide references from their local authority clients to individual Framework Users if required to do so.

Service Standards, Discounts and Cover

Travelers have confirmed that they intend to respond to every request for a quotation, although they have declined to offer Environmental Liability or Cyber risk insurance as part of a standard wording. This is in line with the insurance market as a whole.

The response relating to service standards and KPIs that would apply and be monitored in respect of underwriting activity and policy issue is extremely comprehensive.

Travelers have indicated that their policy wordings for UK local authorities already offer a number of extensions to standard market policy cover. They also offer a number of policy extensions which can be purchased in addition to basic policy cover, for example employment dispute cover.

Travelers has declined to offer a specific Framework discount, but will offer long term discount and low claims rebate options, primarily in relation to Liability cover but also for Property cover. A table of the standard rebate percentages are shown in the table below:-

Earned Loss Ratio	Rebate as %age of premium
Less than 10%	10%
10% to 20%	7.5%
20% to 30%	5.0%
30% to 40%	2.5%
Over 40%	Nil

Travelers have offered to quote with long term agreements of three and five years with options under both to extend the agreement for a further two years. A minimum discount of 5% is offered.

Travelers have confirmed that they will offer complimentary risk management services and training services to their customers free of charge. Risk Management seminars and workshops are also offered to their customers free of charge and they will provide electronic policy documentation and claims records as well.

Ace European Group Ltd

Ace is registered in the UK as a Limited Company (Reg 1112892) and is also registered for VAT (Reg 668395969).

FSA Registration number is 202803.

Financial & Economic Standing

Ace have a current Standard & Poors Rating of A+ which is significantly in excess of the minimum of BBB rating required for Lot 4 – Accident and Health Insurance.

Within the Group Ace Europe has a number of specific product ranges of which personal accident, health and travel products are a particular strong brand. This is a reflection of the focus that Ace have on UK public sector business and in particular is consistent with their application to quote only for risks under Lot 4 for the Framework.

Ace European Group Ltd is part of the Ace group of companies which are structured around geographical location and to an extent, product expertise. Ace have confirmed that the ultimate parent company is Ace Ltd and a parental company guarantee is available.

Ace have indicated that they will provide the underwriting service to the Framework from their office in Birmingham, and their Glasgow office will provide the claims handling service. They have further offices in Leeds, Manchester, Watford, Reading, Maidstone and Crawley which would give them a reasonable geographical presence if the Framework develops on a nationwide basis.

Technical Capability

It is the intention of Ace to provide the claims handling service in-house and this is would generally be the preferred option for Framework users. Claims handling costs are included within the insurers' premium rates and details of quality standards have been provided.

Service Delivery

Ace have expressed a preference to deal via insurance brokers appointed by the individual local authorities but have confirmed that they will deal direct with Framework users if required to do so. We are confident that Ace have agency agreements with all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users. This response offers maximum flexibility to Framework users, enabling them to either deal direct with local authorities or to deal with any of the recognised specialist public sector brokers in the marketplace.

Ace have provided a list of KPIs in relation to both underwriting services and claims services. The underwriting service standards proposed are to a higher standard than those required of all insurers by the Financial Services Authority, for example issuing policy documentation within 20 days rather than 30.

Service Standards, Discounts and Cover

Ace have confirmed that they intend to respond to every request for a quotation provided that they are given adequate time to prepare a quotation and there is sufficient underwriting information provided to them.

Ace have responded to 7C, confirming that they will offer a discount for Framework Users but have then stated that details will be available at the time of quoting!! This is unhelpful in assessing what value this discount will offer to framework users.

Ace have confirmed that they will be very flexible in terms of policy wording in response to the needs of individual authorities. However, again no details are provided and Ace have indicated

that they will consider cover enhancements at the time that they provide quotations to individual authorities.

Ace have confirmed that they are happy to consider flexible pricing options but have again stated that these will be considered at the time of quoting to individual authorities.

Ace have confirmed that they will offer a 5% discount for a three year long term agreement and a further 2.5% discount for a five year long term agreement. This is considered to be in line with market practice rather than being an additional benefit for Framework users.

Ace have indicated that they are not able to provide any additional services to Framework users and that this question does not apply in the context of their application to only provide Personal Accident and travel insurance.

Zurich Municipal

Zurich Municipal is a Trading division of Zurich Insurance Plc which is registered in the Republic of Ireland as a Public Limited Company (Reg 13460), as well as in England (Reg BR7985) and is also registered for VAT (Reg 107831677).

FSA Registration number is 184006.

Financial & Economic Standing

Zurich have a current Standard & Poors Rating of AA- which is significantly in excess of the minimum of A required for Liability insurance Lots and the minimum BBB rating required for the short tail classes of insurance.

As Zurich Municipal is a trading division of Zurich Insurance plc, there is no separation of legal liabilities and assets. The entire balance sheet of Zurich Insurance is therefore available to meet the liabilities of Zurich Municipal. We have no reservations over the financial position of Zurich Insurance plc at the present time and do not consider that a parental guarantee is necessary.

Zurich Municipal have indicated that they will provide the underwriting service, sales administration, property claims handling and complex liability claims from their Farnborough office. Motor claims are to be delivered from Fareham. Their Birmingham office will provide a range of claims handling services. ZM Account Managers and Claims Service Managers, risk management consultants, engineering surveyors and motor engineers are all home based which will give an excellent geographical spread of resources for Framework users.

Technical Capability

It is the intention of Zurich Municipal to provide the claims handling service in-house and this is would generally be the preferred option for Framework users. A separate method statement is given for the claims handling service giving details of the claims structure and resources has been provided together with details of Key Performance Standards that are applied to the claims process and reserving practice.

Claims handling costs are included within the insurers' premium rates.

Zurich have confirmed that they will provide a high quality underwriting and claims service to Framework users and have provided an extremely detailed method statement to support this. This response covers both underwriting and claims services and makes specific reference to in-house training programmes for their specialist Public Sector teams, and a continuous quality

review for measuring compliance with reserving philosophy and technical claims handling performance.

Service Delivery

Zurich Municipal have indicated that they will only deal direct with all users of the Framework. Zurich Municipal have a direct dealing service delivery model and will not place cover via broker agencies or take placing instructions from insurance brokers appointed by individual local authorities. This is not a problem in that Zurich Municipal are resourced to operate in this manner. There need not be any conflicts between a sole broker appointed by a local authority and Zurich Municipal as the insurer. We are confident that this arrangement is workable for all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or limiting practice for the Framework users.

Zurich Municipal writes a substantial market share of UK local authority business and their client list is very extensive.

The insurer has provided a robust response in terms of the process for providing quotations in response to all requests for cover, clarification of queries and placement of cover direct with the insurer. The method statements cover ongoing service and regular client contact, cover amendments, claims management and addressing risk management issues. There is specific reference to claims defence policy, dispute resolution, an anti-fraud proposition and claims cost mitigation. Zurich commit to using electronic case management and commit to using rehabilitation services in order to speed recovery of injured parties, thereby reducing claims costs.

Service Standards, Discounts and Cover

Zurich have confirmed that they intend to respond to every request for a quotation provided that the individual authority allows sufficient time and provides the required underwriting information to satisfy the underwriting process.

Zurich have pointed out that any offer to give volume discounts to all Framework users will equally reward poorly managed risks and well managed risks. In fact the reward in terms of discount could be worth more to local authorities with poor risks as the starting premium is likely to be higher! Their proposal is to offer each Framework user an audit against their Risk Management Standards and the achievement by individual authorities to achieve a good or best practice standard will be rewarded by a premium reduction. ZM have not quantified this reduction but the thinking behind the proposal is sound and sets out to reward those authorities who actively manage their risks rather than those who do not.

Zurich have referred to a number of existing enhancements to their public sector wording and a number of other insurance enhancements that the company is looking to develop, such as supply chain insurance and partnership insurance. Zurich have stopped short of offering any direct enhancements for Framework users but it is true to say that the insurer already provides a bespoke local authority wording for all risk classes.

Zurich have offered to provide payment of premiums by instalment but have indicated that they would require an (unspecified) interest charge for doing so. This shows some flexibility by the insurer but does not provide enough information for us to evaluate the benefits for Framework users.

However, they go on to offer a Claims Performance Adjustment (CPA) (or loss ratio discounts) on Property and Motor risk classes, although if the CPA is to apply, the insurer will require a higher premium at inception of the policy. We are not sure whether this will be a real benefit to authorities or whether the higher up front premium will simply revert to the "normal" premium by application of the CPA.

However the CPA discount tables are shown below:-

Zurich Municipal – Property CPA Discount Table

Incurred Loss Ratio	Year 1	Year 2	Year 3
Less than 25%	5%	7.5%	10%
25% - 50%	2%	5%	7%
51% - 65%	Nil	Nil	2%

Zurich Municipal – Motor CPA Discount Table

Incurred Loss Ratio	Year 1	Year 2	Year 3
Less than 25%	20%	25%	30%
25% - 40%	15%	20%	25%
41% - 55%	10%	15%	20%
56% - 70%	5%	7.5%	10%
Over 70%	Nil	Nil	Nil

ZM have also offered to provide Framework users a profit or loss agreement whereby if collective claims costs are contained then a Framework discount would be offered but if costs rose then higher premiums would apply to all. Zurich have proposed a maximum of a 20% refund for a consortium or Framework loss ratio of less than 25% and a 10% premium increase if the loss ratio exceeds 100%.

This idea has some merit and will need to be considered by Framework users once further details can be provided by Zurich Municipal..

Zurich has offered a range of long term agreement terms from 3 years, to 3 + 2, 5 years, 5 + 2 etc and in return will offer discounts. These have not been quantified.

The insurer has given details of a range of additional services that will be provided from within premium costs, including annual claims customer days, annual insurance and risk management days, a Framework user site on the ZM website for sharing policy, claims and risk management information. This is considered to be a valuable offer if the framework users are to collaborate and share best practice in order to reduce collective claims costs.

Zurich will also offer on-line access to claims records, claims awareness and fraud training, property surveys for properties in excess of £5m reinstatement value, surveyor involvement in new build projects and post loss property surveys.

Zurich will also offer rehabilitation services for injury claims at a cost of £400 per case, insurance training for customers at £399 + VAT per delegate, as well as a range of advisory information via News & Views, and service to support business continuity planning. We do not expect all of these services to be of interest to all Framework users but the insurer does offer an impressive range of additional services if required.

Aviva Insurance UK Ltd

Aviva Insurance UK Ltd is registered in the UK as a Private Limited Company (Reg 99122) and is also registered for VAT (Reg 105437300).

FSA Registration number is 202280.

Financial & Economic Standing

Aviva have a current Standard & Poors Rating of AA- which is significantly in excess of the minimum standard of A set for liability (long tail) risk classes and of the minimum of BBB rating required for the property risk or shorter tail insurance exposures.

Aviva Insurance UK Ltd is owned by Aviva Plc which is the world's fifth largest insurance group. The RAC is another company within the Aviva group of companies. Aviva have not offered a parent company guarantee, emphasising that their experience, scale of operation and financial strength render this unnecessary. We take the view that in view of the size of the company and their financial strength this is an acceptable position.

Aviva have 46 offices located throughout the UK which gives the insurer the ability to provide a local service if the Framework is widely used, and a full list has been provided on CD Rom. The insurer will co-ordinate responses from London via their London National Broker Trading Team which is a unit of 28 people.

Technical Capability

The insurer has also offered quarterly "surgery" meetings with SWIEP in order to review activity within the Framework. With a team of 28 and a network of 46 offices to deliver services to individual Framework users the resources allocated appear to be very comprehensive.

Aviva have undertaken to provide the claims handling service in-house, with the exception of travel-related claims which will be handled by Cega who are a leading provider of worldwide assistance to Travel insurance policyholders. Travel insurance claims handling is best linked to a helpline service and overall this arrangement would generally be the preferred option for Framework users.

Aviva have confirmed that all claims handling costs are included within the insurers' premium rates, including the cost of the travel insurance claims handling by Cega.

The insurer has confirmed that their Risk Management Solutions organisation is accredited to ISO9000 although underwriting and claims units are driven by the FSA regulatory regime and their internal quality is also driven by industry best practice models.

Their underwriting teams are subject to self assessment by trading teams as well as central compliance auditing and external auditing by the FSA.

Service Delivery

Aviva have indicated that they are a broker only market and are not resourced or prepared to deal with policyholders direct. This effectively means that they will only place cover via a broker agency and rely upon insurance brokers to collect premiums on their behalf, provide credit control, premium accounting and to perform a role in the policy issue process which is critical to their FSA authorisation and approved business processes.

Their application refers to their history of working with national brokers and of providing insurance cover for District Councils. We are confident that this arrangement will extend to all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users.

They have referred to the activities of legacy companies such as General Accident, Commercial Union and Norwich Union and specifically to cover written for Registered Social Landlords (Housing Associations) and Parish, District and non-Metropolitan Borough Councils over recent decades.

Service Standards, Discounts and Cover

Aviva have confirmed that they intend to respond to every request for a quotation provided that sufficient time and sufficient information is provided by Framework users for the insurer to underwrite the risk. Aviva have also inserted a caveat that in the unlikely event that a specific risk falls outside of their reinsurance treaty and they cannot arrange alternative reinsurance, or falls outside of their risk appetite they may need to decline to quote, but will endeavour to provide a full explanation in such circumstances.

Aviva have set out four key service standards and KPIs relating to the response to quotations, issuing of policy documents, mid term adjustment of cover and provision of renewal terms.

Aviva have indicated that they intend to develop the scope of their cover for Framework users over time but have specifically offered a number of cover enhancements from day one. Specifically they have offered to provide, free of charge :-

Property

- Waiver of average clause subject to property valuations being carried out every two years. This is a useful improvement although we do need to find out more detail around the valuation requirement.
- 72 hour clause.
- Contract Works extension - £500,000 limit.
- Capital additions with £2,500,000 limit.
- Full theft cover
- Temporary removal/reinstatement of documents/deeds with £500,000 limit
- Landscape costs with £25,000 limit
- Involuntary betterment for computer equipment
- Change of locks with £5,000 limit
- Theft collusion
- Frozen Food - £5,000 limit per premises
- Goods in Transit cover up to £100,000 annual value

Liability

- Terrorism cover with £5m limit of liability
- Cover for corporate manslaughter
- Cover for claims/actions brought under the Data Protection Act
- Cover for claims/actions brought under the Consumer Protection Act

Motor

- Uninsured Loss Recovery
- Access to Roadsense risk management website
- Inclusion of Fleet Risk Adviser to meet with authority to review/discuss fleet risk controls
- Waiver of young/inexperienced driver excess
- Cover for replacement of new private car and goods-carrying vehicles
- Inclusion of Early Settlement – Leased vehicle (Guaranteed Asset Protection) cover
- Inclusion of a profit share rebate clause

Engineering - Computer

- Computer hacking – no exclusion or inner limits
- Breakdown of non-maintained computers up to maximum of £10,000
- Denial of access – no hacking exclusion
- Virus and similar mechanisms – cover standard up to £100,000

Engineering – Plant

- Reinstatement basis for plant less than 12 months old provided marked and registered under the Construction Equipment Security and Registration scheme
- Anti-theft and security devices up to £25,000
- CPA Contract Lift Cover up to £25,000
- Immobilised Plant and Machinery up to 110% of the current market value

We expect that some of these extensions are also offered by other insurers and this will form part of our evaluation of wordings. However, there are a number of potentially valuable extensions of cover included in this list, together with a further list of extensions that Aviva will provide albeit in return for additional premium. This demonstrates a high level of commitment and flexibility by the insurer.

Aviva have offered to provide a number of flexible payment options including a Prompt payment discount, Low Claims Discount and a variation on this in the form of an Advanced Profit Rebate, whereby the discount is allowed up front and the full premium collected in the event that the expected loss ratio threshold is exceeded. However, Aviva have not specified the actual rate of discount to be allowed under these options so it is difficult at this stage to assess how valuable they are. It does however show that the insurer is trying to be flexible and offer options that are valued by Framework users.

Aviva have offered the option of long term agreements or Rate Stability Agreements to Framework users. LTAs will be offered as standard for three years, with consideration given to providing 5 year LTA proposals on a case by case basis.

The rate stability agreements will be offered on the basis of a two year agreement which will guarantee holding premium rates during this period provided that loss ratio does not exceed 60% and there is no significant change in market practice or risk exposure.

Aviva are offering a wide range of additional services to Framework users including surveys of properties for valuation and risk control purposes within premium costs. The insurer also has a list of preferred suppliers who provide a range of security and safety services. The suppliers will offer discounts and Aviva will make these available to their customers including their policyholders via the Framework.

Aviva will also offer training schemes and a discounted RAC breakdown cover for both motor fleet applications and for the staff of local authorities using the Framework. Aviva are also keen to offer discounts on Travel insurance, motor insurance and home insurance for the employees of local authorities who insure with them via the Framework.

Liberty Mutual Insurance Europe Ltd

Liberty Mutual Insurance Ltd have applied to quote for Environmental Impairment Liability Insurance and Pollution cover only as a stand alone policy under Lot 2 – Liability Insurance. As a number of insurers have excluded this risk from their standard wording this is considered to be a

useful product in ensuring that Framework Insurers have as much choice as possible and competitive pressure is exerted on insurers to ensure value is reflected in premium quotations.

Liberty Mutual is registered in the UK as a Limited Company (Reg 01088268) and is also registered for VAT (Reg 244637455).

FSA Registration number is 202205.

Financial & Economic Standing

Liberty Mutual has a current Standard & Poors Rating of A- which means that the Company has an A rating but at the lower end of the A scale. This is at the lower end of the scale of the standard required of A for insurers of Lot 2 – Liability insurance, but as the insurer is only applying to write environmental impairment liability as a small part of this Lot, their financial standing is acceptable.

Liberty Mutual Insurance Europe Ltd is part of the Liberty Mutual Group and a reassuring aspect is that a parental guarantee is in place so that there is additional security offered by the whole group of companies.

Liberty have indicated that they will provide the Framework service from their offices in Bristol and London. They have further offices in Manchester which would give them a reasonable geographical presence if the Framework develops on a nationwide basis.

Technical Capability

It is the intention of Liberty to provide the claims handling service in-house and this is would generally be the preferred option for Framework users, especially as environmental impairment liability claims are a very specialised area. Liberty offer a 24 hour claims reporting and technical helpline staffed by Cunningham Lindsay which is included within the premiums quoted.

Claims handling costs are included within the insurers' premium rates.

Details of quality measures and processes include peer reviews, internal audit processes and compliance with FSA rules. In total Liberty have some 300 control processes in place within their business.

Service Delivery

Liberty have indicated that they are a broker only market and are not resourced to deal with policyholders direct. This effectively means that they will only place cover via a broker agency and rely upon insurance brokers to collect premiums on their behalf, provide credit control, premium accounting and to perform a role in the policy issue process which is critical to their FSA authorisation and approved business processes. Their application names Heath Lambert, Aon, Marsh, Willis, JLT, Oval, Jelf and Towergate as the principal brokers that they would transact business with under this Framework. However, they have indicated they will work with other brokers and we are confident that this arrangement will extend to all of the brokers who operate specialist Public Sector Teams so this will not in any way be a restrictive or unacceptable practice for the Framework users.

The insurer has written cover for Derby City Council, Derbyshire County Council, Buckinghamshire County Council, Shepway District Council and the London Borough of Merton.

The insurer has provided a step by step method statement for responding to requests for quotations under the Framework, responding to mid term adjustments, queries and for handling claims. The insurer has set out response times and KPIs within each section.

Service Standards, Discounts and Cover

Liberty have confirmed that they intend to respond to every request for a quotation unless any tender documents contains exposures or insured values which fall outside of the insurers reinsurance treaty protection, or for uninsurable risks. This is a reasonable response and attracts a "Pass" score.

The insurer has offered a discount of 5% for all cover placed via the Framework. Further discounts will be allowed to individual authorities who place volume premium with Liberty via the Framework. These discounts are shown in the table below.

GWP Threshold per authority	%age Discount
Up to £99,999	0
£100,000 to £249,999	5
£250,000 to £499,999	7.5
£500,000 +	10

In addition the insurer has offered an additional 5% maximum discount for authorities that have or use contractors who are accredited with ISO14001 or equivalent industry recognised and audited Environmental Management Systems.

The insurer has indicated that their wording is already specific to local authorities and their contractors but are prepared to consider enhancements of cover on a case by case basis.

Liberty require premiums to be paid within 60 days of inception and no specific flexible payment options have been proposed.

Due to the nature of the insurance offered by Liberty the question of long term agreements is virtually irrelevant. Their policies cover either ongoing activities in which case renewal is on an annual basis or their policies cover project risks in which case they tend to cover a three or four year period.

Again due to the specialist nature of insurance provided by Liberty, the range of services they could offer to Framework users is very limited. They have undertaken to pay up to £5,000 for the services of an environmental consultant from their specialist panel to provide specialist advice in the event that any individual Framework user places cover with them for a premium of £100,000 or more. This is considered to be a valuable additional service on top of the discounts already offered.

RSA Engineering

RSA Engineering is part of the RSA Group Plc (Company Registration No 93792) and is also registered for VAT (Reg GB 16500801).

FSA Registration number is 202323.

Financial & Economic Standing

RSA have a current Standard & Poors Rating of A which is significantly in excess of the minimum of BBB rating required for Lot 7 – Engineering insurance and inspection services.

RSA Engineering is a trading name of RSA Plc and is not a separate legal entity. The full resources of RSA Plc therefore underpin the activities of RSA Engineering.

RSA Engineering have indicated that they will provide the Framework service from their office in Manchester. They have further offices in Chelmsford, Croydon, Birmingham, and Glasgow which would give them a reasonable geographical presence if the Framework develops on a nationwide basis. The engineering inspection service would be provided by local engineer surveyors who are supervised by a performance manager with a remit to ensure service delivery.

Technical Capability

It is the intention of RSA Engineering to provide the claims handling service in-house and this is would generally be the preferred option for Framework users. Claims handling costs are included within the insurers' premium rates and details of quality standards have been provided. RSA Engineering is ISO 17020 and ISO 9001 accredited by UKAS and there are performance standards that the insurer has set and which are externally audited.

Service Delivery

RSA Engineering have confirmed that they will write business direct with Framework Users and or are happy to deal via any FSA registered insurance brokers appointed by individual Framework Users to assist them with evaluating "call off" arrangements from appointed insurers. This response gives maximum choice and flexibility to Framework Users over the question of whether to retain an insurance broker/adviser or deal direct with insurers once the "call off" contracts are awarded.

Their client list includes a number of universities, colleges, schools, and local authorities and they have cited Wolverhampton City Council and Birmingham City Council as clients.

RSA have a stated commitment to continuous improvement and the cost management of claims.

Service Standards, Discounts and Cover

RSA Engineering have confirmed that they will offer no volume discounts for the supply of engineering inspection services, although they have confirmed that they will offer premium discounts in return for long term agreements. However, LTA discounts are offered by all insurers so this is not seen as any specific incentive for framework users. RSA Engineering have confirmed that they intend to respond to each and every request for a quotation and may consider offering wider cover or flexible premium payment arrangements under call off arrangements for individual authorities. However each will be considered on its individual merits so this is not a specific benefit generated by the existence of the framework.

The example LTA wording provided offers 5% premium/fee discount in return for a 3 year LTA and 10% discount in return for a 5 year LTA. The wording is considered to be acceptable and reasonable in scope.

RSA Engineering are able to offer a wide range of additional engineering related services which will be of interest to local authorities and National Park Authorities. These services include specialist engineering or related health and safety inspection and testing services which will supplement the expertise of in-house resources.

Risk Management Partners Ltd (Chartis/HSB)

Risk Management Partners Ltd (RMP) have submitted a tender as Managing General Agents for Chartis Insurance and HSB Engineering Insurance. They have tendered to quote for risks under

Lots 1, 2, 3, 4, 5, 7 and 9 and it is a requirement that any claims made against cover placed with Chartis and HSB will be handled by Gallagher Bassett, a specialist claims handling company owned by Arthur J Gallagher, who are also the parent company of RMP.

The four companies form one entity for the purpose of providing insurance cover for local authorities.

Chartis Insurance UK Ltd is registered in the UK as a Limited Company (Reg 1486260) and is also registered for VAT (Reg GB629471517). FSA Registration number is 202628.

HSB Engineering Insurance Ltd is registered as a Limited Company (Reg 02396114) and is also registered for VAT (Reg GB6526422). FSA registration number is 202738.

Financial & Economic Standing

Chartis have a current Standard & Poors Rating of A+ which is compliant with the minimum of A rating required for liability risks and significantly in excess of the minimum of BBB rating required for the shorter tail risks such as Lot 1 – Property insurance. Chartis will write cover for all of the Lots that RMP have tendered for, with the exception of Lot 7 - Engineering Inspection and Insurance, and Contractors All Risks (Works in Progress) and Computer insurance under Lot 1 which will be insured by HSB Engineering Insurance Ltd.

HSB Engineering have a Standard & Poors Rating of A+ which is significantly in excess of the minimum of BBB rating required for the shorter tail risks they have applied to write under Lots 1 and 7.

Chartis has no parent company having separated from the AIG Group in 2008.

HSB Engineering Insurance Ltd is part of the HSB Group which in turn is a wholly owned subsidiary of Munich Re.

RMP will be responsible for providing the client interface on behalf of Chartis and HSB. They are based in London but have Account Directors based around the UK who work from home.

RMP already provide a national service for local authority risks so they have a reasonable geographical presence if the Framework develops on a nationwide basis.

Technical Capability

The key personnel from RMP are all very experienced and will be the personnel who will have day to day contact with Framework Users.

It is the intention of RMP that Gallagher Bassett will provide the claims handling service for Motor, Liability and Property claims handling With Personal Accident and Fidelity Guarantee claims being provided by Chartis as the insurer. Engineering claims will be handled by HSB. All claims handling will be provided within the premiums charged, with the exception of Liability claims where a separate and additional quote will be provided by Gallagher Bassett to each Framework user.

This is a complex arrangement but has been seen to work well for other local authorities and we do not see this as a significant problem. However the Liability claims costs must be taken into account when evaluating the RMP quotations against those of other insurers.

Claims rates quoted in the RMP application are shown in the table below.

Claims Type	Rate per claim (+VAT)
Employers Liability	£678
Public Liability (TP Property Damage)	£117
Public Liability (TP Injury)	£258
Officials Indemnity	£678

Claims costs will depend on actual claims numbers submitted in respect of each insurance year, and rates will be periodically reviewed, so may represent a variable cost to the Framework users.

Service Delivery

RMP have expressed a preference to place insurance via a broker agency and have confirmed that they work primarily with Heath Lambert, Aon, JLT, Marsh, Willis and Griffiths & Armour amongst others in the public sector. However, RMP have also confirmed that they will provide quotations direct to Framework users and will allow direct dealing if required to do so.

This response attracts top marks as this should give maximum flexibility to Framework Users by either dealing direct with local authorities or via any of the recognised specialist public sector brokers in the marketplace.

RMP have provided an extensive list of clients including English District Councils who place cover with Chartis and HSB via this arrangement.

Service Standards, Discounts and Cover

RMP have noted and agreed to the requirement to provide quotations to all Framework users. Chartis have also agreed on the proviso that their reinsurance arrangements will cover the risk and excepting situations where market conditions may change after entering into the agreement and where the company is no longer able to insurer certain risks. HSB have indicated that they will always submit quotations wherever possible.

RMP have referred to discounts offered by Chartis and HSB in their separate responses. Chartis have offered a 5% discount to all Framework users once the premium volume written under the Framework exceeds £2,000,000 and the overall Chartis book of business having a Gross Loss Ratio of less than 50%. HSB have stated that they would be willing to consider discounts but are unable to put forward details or a table of rates. Gallagher Bassett have referred to the RMP response which is silent over any discount on claims fees. Overall the Chartis offer is potentially of value to Framework users but we do have questions over the application of the loss ratio and whether the premium volume is cumulative during the four year framework or based on annual premium value. It does however show that the insurer is prepared to look at incentive schemes.

Neither Chartis or HSB have offered any enhancements of cover to Framework users although both have indicated that they will review cover on a case by case basis.

HSB have indicated that they can offer flexible premium payments via Premium Credit but have not indicated what interest charge would apply. Chartis has confirmed that they will not offer any flexible premium terms.

Both HSB and Chartis have offered 3 year long term agreements, 3 year LTAs with an option to extend for a further 2 years and 5 year LTAs. However neither company has indicated the premium discounts they would allow in each case.

HSB have offered a range of additional services such as Health and Safety services, Energy Performance certification, and Display Energy Certificates. Chartis have not offered anything.

Gallagher Bassett have offered Legionella surveys as part of a Liability risk placement, and loss control days and access to Risxfacs, their own online claims handling system. Physical surveys are also offered and there is significant value in some of the services offered.

5. The Framework

Conditions of Contract / Framework Agreement

If during the Tender period the Council issues any circular letters to Tenderer(s) in order to clarify or alter part of the Tender documents, then such circular letters shall form part of the Contract/Framework Agreement and Tenderers shall be deemed to have taken account of them in preparing their submission. Tenderers shall also promptly acknowledge any circular letters that they receive.

Framework Agreement Period

It is intended that any resultant Framework Agreement shall commence as soon after receipt of formal letter of award as may be agreed. The Framework Agreement period is to be up to a period of four years subject to performance and termination clauses contained within either the Standard or Special Terms and Conditions, whichever prevails.

For clarification purposes the appointment of any Tenderer(s) to this Framework Agreement does not in itself form a Contract between the Tenderer and the Council.

Framework Agreement

For the avoidance of doubt the Council(s) do not bind themselves to secure the purchase of specific quantities of any services.

Framework agreements represent the Tenders submitted by the Tenderer(s) to the Council. The Tenderer(s) stands ready to accept orders from the Council(s) for the provision of Services in accordance with all descriptions, Specifications and Terms and Conditions contained in the Framework Agreement itself.

The formal contract will be formed by each individual Council through a mini competition exercise which is the process of competing for work between Tenderer(s) on the Framework Agreement.

The first tranche of District Councils to access the framework will require cover from 1 October 2010.

Tenders Undertaken Outside of the Framework Process

Members should take care that should they undertake any element of the tender exercise outside of the scope of this Framework – for example, inviting tenderers to quote who are not an approved Framework provider – then the normal Public Procurement rules will apply.

6. The Process

Within Part 8 we provide full instructions regarding completion of the Invitation To Tender.

This document MUST be used to provide the required data to Framework Providers, although authorities may wish to add additional data. The document provides opportunity for you to provide details of your Authority, the Risk Management work undertaken, details of the services and functions undertaken, claims experience and underwriting data.

The document is a combination of the Renewal Questionnaires that Members would usually receive from Insurers and also the Market Presentation that either the member – or more likely your Insurance Broker – would create to provide details to Insurers.

The use of a standardised document is a requirement of the process as this ensures that all Framework Providers are issued with a minimum level of underwriting data to offer quotations. If the document is fully completed, allowing a minimum of 27 calendar days for response, Framework Providers MUST provide a quotation.

It is recommended that Claims Data is provided for a minimum of 5 years. This enables Insurers to undertake a thorough review of your loss history and to establish any patterns – or to identify some incidents as ‘one offs’.

The Role of South West Improvement & Efficiency Partnership

South West Improvement & Efficiency Partnership will give ad-hoc advice to eligible authorities to guide them through the “mini-tender” process and through any EU procurement process if requested. However, South West Improvement & Efficiency Partnerships will not assist members with the evaluation of insurer terms, nor will it recommend any one insurer over another. South West Improvement & Efficiency Partnership will be involved in helping to ensure where reasonably possible that the operation of the Framework complies with EU procurement regulations, and that the service providers meet their contractual obligations under the Framework Agreements. South West Improvement & Efficiency Partnership will also provide a focal point for the development of the Framework arrangements to the benefit of both authorities and insurers.

If a member requires assistance outside the scope of South West Improvement & Efficiency Partnership remit described above, they will be encouraged to appoint their own insurance advisors. Heath Lambert as advisors to South West Improvement & Efficiency Partnership are available to advise individual authorities as required.

Role of Teignbridge District Council

Teignbridge District Council are nominated as the Lead Authority for the Consortium Framework and they are acting as the Procurement Lead for the Project.

The Council will manage the process for the appointment of insurance companies to the Framework Agreement and will be responsible for the governance of the Framework for the first four year period.

The Council will address any Member or Insurer queries concerning the operation of the Framework Agreement.

At annual intervals the Council will provide a report to South West Improvement & Efficiency Partnership and Consortium Members on the KPIs relating to Membership, the Consortium

Framework Insurers performance and will provide a summary of the cost benefits achieved and a return on investment statement.

During 2013 the Council will undertake a consultation exercise with all consortium members to establish the level of demand for a new Framework, and the level of commitment of Members to fund an equal share of the cost of the necessary Framework Tender Exercise.

The Role of Heath Lambert

The role of Heath Lambert is primarily to act as independent advisers to South West Improvement & Efficiency Partnership in the establishment and development of the insurance framework.

Heath Lambert are not undertaking to place any cover on behalf of the Members once the framework is in place.

Heath Lambert will also upon request provide a Tender Management Service to individual authorities using the South West Improvement & Efficiency Partnership Insurance Framework which can include all or any of the following elements:-

- completion of the Insurance Questionnaire and Specification form in its entirety on the authorities behalf;
- gathering and presenting supporting information;
- mini-tender evaluation.

To provide this service a fixed fee at preferential rates agreed with South West Improvement & Efficiency Partnership on behalf of member authorities will be payable.

There will be no compulsion to use Heath Lambert for these services, and authorities are permitted to use the services of any appointed insurance broker/advisor.

Timetable

By using this Framework and the mini-tender process, the requirements to comply with the OJEU Public Procurement timetables are avoided. However, it is still important that you do provide enough time to undertake this process and also give the Framework Providers ample time to undertake a thorough review of the tender specification to provide the most competitive terms to the Member Authority.

The suggested timetable within the report is as follows: -

Activity	Deadline
Tender Documents Released	X – 11 weeks
Meetings With Tenderers	X – 8 weeks
Last Date for Submission of Questions	X – 7 weeks
Return of Tenders	X – 6 weeks
Presentations by Tenderers	X – 5 weeks
Award Agreed	X – 3 weeks
Meeting with successful Tenderer(s)	X – 2 weeks
Contract Starts	Renewal Date (X)

We would recommend that you start at the last Activity (ie the Renewal date) and work upwards.

Data Required to Undertake the Tender

You should also consider what information is required to complete the exercise. Some of this information will be required from your current and/or your previous Insurers. This would include: -

- Claims Experience for the previous 5 years (as a minimum) by each Class of insurance. The Motor Claims experience to be provided in standard ABI approved format.
- Claims Listings for the previous 5 years by each Class of insurance
- Engineering Schedules

You should also be prepared to provide claims data on a 'Ground Up' basis where you handle claims below the excess in-house.

Other information likely to be required (depending on the Lots selected) would be: -

- List of General Properties inc Sums Insured
- List of Leasehold Shops / Commercial Properties inc Sums Insured
- List of Housing Properties over 6 storeys including postcodes and Sums Insured
- All Risks Schedule
- Safe List
- Fleet List
- Craft List (Marine Cover only)
- Professional Indemnity Proposal Forms (Professional Liability cover only)
- List of non-ranking excesses applying (where applicable)

7. Award Criteria

As part of the Framework process an assessment of the Framework Providers ability to deliver the services required was undertaken. This should not, therefore, form part of your Award Criteria.

These elements include: -

- Financial Rating
- Membership of Professional Bodies
- Technical Capabilities / Qualifications
- Public Sector Knowledge
- Equal Opportunities
- Environmental Matters
- Health & Safety

You will still need to establish your Award Criteria and include this within your Invitation To Tender document. The basis of this is up to the individual Member concerned, together with guidance from their professional advisers and procurement team, but an example is provided below: -

All Authorities using the Consortium Framework will award their contract(s) on the basis of the Most Economically Advantageous Tender with a weighting of 40% for Price and 60% for Quality Criteria. The model for contract awards is set out below and this will be included in the Framework User Guide, although individual Authorities will be able to apply their own weightings to sub-criteria in order to reflect their individual preferences and needs.

All Authorities using the Framework will be required to include their version of the contract award criteria in the mini-competition tender documents which will be submitted to all insurers appointed to the Framework in respect of the insurance Lots relating to the services required.

The model criteria to be used are listed below, together with the proposed weightings to be applied to each:

1. Insurance Cover

Price – Weighting 40%

The Council will consider price, pricing structure and outlook for price stability, cost of claims handling (if priced separately), framework discounts, and terms for payment when selecting insurers.

The Council will consider entering into a long term agreement or contract with insurers. Insurers should confirm how such agreement will be affected if the Council elects to increase or decrease limits of indemnity, sums insured or levels of excess. Please confirm the wording of the long term agreement.

In the event that a LTA is agreed, the Insurer must give the Council at least 60 days notice in advance of the renewal date if the Insurer intends to breach the agreement. If the Insurer fails to comply with this notice period then the Insurer will be bound to offer renewal at the current rates, terms and conditions.

Quality and Service Standards – Weighting 60%

Example Sub Criteria

Service Standards - Weighting 10%

Insurers must comply with the service standards set out in the mini-competition tender documents for the issue of policy documents, response to enquiries, claim processing, provision of claims information, and requests for mid-term cover adjustments.

Cover – Weighting 30%

The Council will give consideration to the range of cover/perils offered, policy conditions, warranties, exclusions, extensions and limitations of cover. The Councils is flexible and will consider quotations on different basis but insurers must clearly indicate any aspect of their quotation which does not comply with the mini-competition tender document.

Range of Services – Weighting 10%

The Council will give consideration to the inclusion of services from a single provider such as claims handling, loss control services, surveys, risk management days included within the premiums quoted and to the provision of any additional services at specified daily rates.

Expertise – Weighting 10%

All insurers must demonstrate how they will use their expertise in terms of the public sector, claims handling, and other technical areas for the benefit of the Council.

2. Claims Handling and provision of claims data

This section forms part of the Contract Award Criteria and will be applied irrespective of whether claims handling is provided by the insurer within premiums quoted or whether a separate claims handler provides the service and/or a separate fee is payable.

Price – Weighting 40%

This is an evaluation of the total cost of the service to the Authority. Claims handlers must indicate the total cost of the service and confirm whether cost is within premium terms or if an additional charge will be made. If additional charges apply, please indicate the price paid for claims handling and degree of financial certainty. Cost per claim to extinction or annual cost of handling? Evaluation will seek to identify the total cost where fees are adjustable on claim numbers. Claims handlers are also required to indicate to what extent disbursements and other charges are excluded from the fees quoted.

Quality of Service and Service Standards – Weighting 60%

Authorities will rely upon submissions from insurers/claims handlers to the Framework Tender for an overview of service and service standards to be provided and Claims handlers are only required to add additional detail that they wish to propose to the individual Authority. In particular please confirm required to set out their service standards, quality measures and KPIs that apply to this service.

Claims handlers must be able to demonstrate their expertise in providing claims handling services to public sector organisations and confirm their commitment to the public sector. In addition applicants should provide details of the service team, the resources to be allocated to the Authority and location for where the team is based.

Service providers should indicate how their expertise will be applied for the benefit of the Authority.

Each Insurer Contract Award criteria has a different weighting as indicated above and each insurer response will be marked on a range of 0 to 5 as detailed in the table below:

SCORE	CLASSIFICATION	DEFINITION
0	Unacceptable	No response, or totally unacceptable and does not meet the requirement in any way.
1	Inadequate	Substantially unacceptable and does not meet the Consortium's expectations in some significant areas. Considerable reservations of the Insurers relevant ability, understanding, experience, skills, resources and quality measures to provide the service required.
2	Weak	Weak response that does not fully meet the Consortium's requirements. Response may be minimal with little or no detail or evidence given to support and demonstrate sufficiency or compliance. Some minor reservations of the Tenderer's relevant ability, understanding, experience, skills, resources and quality measures to provide the service required.
3	Satisfactory	Response largely covers the Consortium requirements and some, but patchy or brief, evidence is given to support the answers.

4	Good	Criteria in the specification are met and evidence is provided to support the answers demonstrating sufficiency, compliance and either actual experience or a process of implementation.
5	Excellent	Exceptional response that inspires confidence, and indicates high level of commitment and benefits to be provided. Response is clearly demonstrated and evidenced. Full evidence provided to show how the service will be achieved, either by demonstrating past experience or through clear process of implementation. Response may also identify factors that will offer potential added value, and with evidence to support this.

The score category for each criteria will therefore be allocated marks according to the weighting of the criteria as shown in the example table below:-

Scoring Matrix for Insurance Mini-Competition

Tender Evaluation Matrix						
	Criteria Weighting	1	2	3	4	5
Insurance Cover						
Price & Pricing Structure	40%	8	16	24	32	40
Quality	60%					
• Service Standards	10%	2	4	6	8	10
• Insurance Cover	30%	6	12	18	24	30
• Range of Insurer Services	10%	2	4	6	8	10
• Expertise	10%	2	4	6	8	10
Claims Handling						
Price & Pricing Structure	40%	8	16	24	32	40
Quality & Service Standards	60%	12	24	36	48	60

For each contract award criteria used, a weighting for sub criteria will be set by the individual Contracting Authority and a scoring matrix drawn up to allocate a score for each criteria.

The exact method of sub criteria weighting will be set by the individual authority but the 60/40 split between Price and Quality Criteria is fixed and this model will be the example circulated to Consortium members and they will be required to follow the same methodology.

An example evaluation matrix is shown below whereby each insurer proposal is scored on a comparative scale of 1-5 and marks are allocated to each insurer under each contract award criteria, so that the maximum score is 100 for the insurance proposal and a further 100 for the claims handling service. Each insurer quote is therefore given a total score which when compared in a summary table will show the successful insurer proposal.

An example of a tender evaluation sheet for an individual insurer proposal is shown below for information.

The Beneficent & General Insurance Company – Option 1	Criteria Weighting	Tender Score	Comments
Insurance Cover			
Price and Pricing Structure	40%	32	Lowest premium quoted but some concern over proposals to index link premium, deductibles and aggregate stop. Have offered a three year LTA with option to extend for a further two years.
Quality Criteria	60%		
<ul style="list-style-type: none"> Service Standards 	10%	6	Acceptable response but did not address all service standards required. Response times to queries were the lowest of the insurers who quoted.
<ul style="list-style-type: none"> Insurance Cover 	30%	30	Best option received. Quoted to provide cover as defined in mini-competition documents. No significant exclusions or warranties. Per event deductible quoted for weather perils.
<ul style="list-style-type: none"> Range of Insurer Services 	10%	2	Are offering no services beyond provision of insurance cover and claims handling. No risk control, security surveys or risk management services included.
<ul style="list-style-type: none"> Expertise 	10%	2	Not convinced that the insurer clearly understands the risk exposures and a number of subjectivities would need to be addressed if this option is accepted.
Insurance Score		72	

Claims Handling			
Price & Pricing Structure	40%	40	Claims handling will be undertaken by the insurer and cost is included within the premium quoted.
Quality & Service Standards	60%	60	Best option received. Loss recording system to be provided and management information available in real time. Very high

			standards of response and service described. Offer to include quarterly loss trend reports with recommendations for improving management of risk.
Claims Handling Score		100	
Total Score		172	

Should you include any sub-categories within each of your Award Criteria sections, these must be identified to the Framework Tenderers.

There is a requirement for each authority using the Framework to inform all insurers quoting of the outcome of the mini competition and the intention to award contracts to the successful insurer(s) and to send rejection letters to unsuccessful insurers. Letters must be sent by email to the insurers and a 10 day standstill period observed before confirming the award of the contract(s). Please note that the last day of the ten day standstill period must fall on a normal working day. If letters are sent by post rather than email, a 15 day standstill period must be observed before the contract can be awarded.

A list of insurer contacts is included in the Appendices to this Guide, and the standard form of letters to be used for notifying the intention to award, rejection and confirmation of award to the successful insurer(s) are provided as separate Word documents.

8. Invitation To Tender Completion Guidelines

The Invitation To Tender is the document that will be provided to Insurers to enable them to offer a quotation for any of the 9 Lots included within the Framework agreement.

The document has been established in conjunction with the Framework Providers to ensure that the data included meets their requirements, however there will always be clarifications required by Framework Providers regarding individual Members insurance programmes.

The intention of this document is to provide Members with a format to provide details of their insurance programmes. There are boxes to include Additional Information that should be used to identify any material differences where your Insurance Programme may require a more bespoke basis than the standard form.

Areas Requiring Completion

You only need to complete the yellow boxes. Should you wish to increase the size of the box simply keep typing or add another row to the table.

If you wish to add documents as Appendices simply note that this will be done and then add a further page to the Appendices and amend the Contents page to demonstrate this.

Covering Sheet

STRICTLY PRIVATE & CONFIDENTIAL

COUNCIL

Underwriting Presentation in Accordance with the South West Councils Insurance Framework

Prepared by

NAME

DATE

Contact Details

+	Address	
	Telephone Number	
	E-Mail	

Tender Response Date

Tender Reference

This is a fairly straight-forward page for completion / over-typing of the Council's details. We have included a Tender Reference box for completion if required.

Table of Contents

We have linked this page to the individual Headings within the report. Therefore should you amend the page numbering by the addition of additional information you simply need to 'right-click' on the table to get the following options: -

Table of Contents

INTRODUCTION.....	4
GENERAL DETAILS.....	5
INSTRUCTIONS TO TENDERER.....	6
RISK MANAGEMENT	8
COUNCIL SERVICES	9
HISTORICAL EXCESSES	10
AWARD CRITERIA	11
SERVICE STANDARDS	12
COVER BASIS AND ALTERNATIVE OPTIONS	13

Just click on "Update Field" and then "Update entire table" (as below)



and the Table of Contents will automatically update to the revised page numbering and headings.

Introduction

Please mark the Lots you wish to include within the Tender with an X.

General Details

Simply add the details for your Authority.

Business Description

You will locate the current Business Description on your current Policy Schedules. This is an important element of the Invitation To Tender as this details to Insurers the activities that you undertake. District Council, for example, may be sufficient – as the Framework Providers understand the Public Sector and activities undertaken. However, if you undertake any activities that may be unique to you or only undertaken in a small number of Authorities these should be noted within this section to identify such to the Framework Providers.

Profile

This box can be expanded as much as is required to meet your needs. The intention is to provide the Framework Providers with details about your particular Authority.

Details that would normally be included would be: -

- Area of Authority (square miles)
- Key Locations included within the Area
- Annual Revenue/Budgets
- Key Priorities

You may wish to include Corporate Plans or similar, and these can be referred to being included within the Appendices.

Instructions to Tenderers

Please include any specific requirements regarding the tender, such as where the tenders should be returned to, what should be written on the tender envelope etc.

We have included boxes to identify the number of copies of the submission and whether an electronic copy (usually a CD) is required.

Contact Details

Please include the details of the person within the Council who is managing the exercise. This could be the Insurance Manager, Risk Manager, Procurement Manager etc. In addition, if you have sought independent professional advice, please also include their details.

We would recommend that you also identify who is to be the primary contact. This will ensure that all communication is directed to a single person.

Timetable

We have included an example Timetable. You are free to amend this to meet your requirements but in order to meet the minimum standards for the Framework you **MUST provide a minimum of 27 calendar days from the issue of the Tender Documents through to the submission of the quotations.**

We have also included opportunities for Meetings with Tenderers during the process. This is entirely voluntary, but we recommend that you consider this. It enables an opportunity for both the Member and the Framework Providers to meet and discuss the key requirements of the tender.

It should be borne in mind that the offer to meet with one Framework Provider should then be open to any of the other Framework Providers within that Lot.

Similarly we have included the potential to meet with Tenderers following the Award of the Contract. This is a particularly useful meeting should you be changing your Insurance Provider, as you will need to consider amendments to contract details, new claims procedures etc.

Risk Management

This box is to be completed with details of particular Risk Management initiatives undertaken within the Council. You may wish to include examples of your Risk Register, Health & Safety policy or similar and these should be noted as being included within the Appendices within this box.

Council Services

It is important to detail to Insurers which specific Services/Functions are not under the Authorities Control and when they were transferred out.

One box is labelled as OTHER. Please feel free to overtype this to include another Council Service that may be specific to you and has transferred in or out.

COUNCIL SERVICES

Service / Function	Currently Undertaken (Y/N)	Date Transferred Out
Housing		
Refuse		
Leisure Centres (*)		
Highways (*)		
Environmental Health		
Building Control		
Finance / Administration		
OTHER		

Below this is a further box titled Additional Information. This is to enable Members to detail anything additional that they feel should be highlighted to an Insurer. For example, Refuse might have transferred both in and out of the Council's functions and you wish for Insurers to be aware of this.

Historical Excesses

This table is to demonstrate the areas where the Excess applying to the Council for various policies may have changed over time.

You may wish to instead provide a spreadsheet of your own detailing such information rather than completing this table and a box is available for you to highlight which Appendix includes such information.

We would recommend that you identify to Insurers any Non-Ranking excesses that apply.

Award Criteria

To be set by each Member. Instructions and examples are as per Section 7 of this User Guide.

Service Standards

We have included example Service Standards relating to Underwriting and Claims separately. We recommend that you review these as part of your preparation work for the tender.

It is important that you consider what is important to the Authority regarding these standards to ensure that appropriate performance management is agreed with the bidders. However, care should also be taken not to make the criteria too stringent as this may discourage bidders or increase the premiums required to meet the criteria.

LOT 1 – PROPERTY INSURANCE

Lot 1 – Property Insurance – General Properties

Please mark the Perils required with an 'X' to identify the cover required. If your policy is not on a Specified Perils basis please mark the All Risks box and identify if the Theft basis is "Full" or not.

LOT 1 – PROPERTY INSURANCE – GENERAL PROPERTIES

Basis of Cover

Fire	Lightning	Aircraft
Explosion	Riot / Civil Commotion	Strikers / Locked Out Workers
Malicious Damage	Earthquake	Subterranean Fire
Storm	Flood	Escape Of Water
Impact by Vehicle	Impact by Animal	Sprinkler Leakage
Subsidence	Theft	Full Theft
Accidental Damage		

OR

"All Risks"
Including Full Theft

Sums Insured

Item	Description	Declared Value (£)	Sum Insured (£)
1.	Municipal Buildings		
2.	Professional Fees / Debris Removal		
3.	Contents		
4.	Glass		
5.	Leisure Centres (Buildings)		
6.	Other 1		

Interest

All property owned, used, leased or rented by the Insured or in their care, custody and control or in which they hold an interest or which is held in trust or on commission or on consignment by them and for which they are responsible or wish to assume responsibility. Including Personal Property of the Insured's officials and employees whilst on any premises described below and personal tools of trade being used on the business of the Insured anywhere in the UK.

You will also need to complete the Declared Value and Sum Insured boxes. It would be expected that your General Properties are insured including a 115% (this may be higher or lower) Day One Inflation Protection basis. The Declared Value is the figure provided by the Council to apply on the first day of the insurance contract. The Sum Insured would usually be 15% higher to reflect potential inflationary uplifts between the date of placement of insurance and the date the building may be rebuilt repaired.

On the following page you can indicate what percentage of Day One uplift is actually required.

Basis of Valuation

Buildings and Contents are insured on a Day 1 (Non-Adjustable) Reinstatement basis of claims settlement where noted within the Sums Insured Table. This automatically provides for an inflation uplift factor of the Declared Values at inception.

Day 1 Uplift	
--------------	--

Situation

Any premises owned, leased, occupied, utilised or in the custody or control of the Insured, for which they are responsible whilst in transit in between and whilst stored in the open at such premises anywhere in the Great Britain, Northern Ireland, the Isle of Man or Channel Islands.

Excess

Basis of Excess

<input checked="" type="checkbox"/> Per Event	<input type="checkbox"/> Per Property
---	---------------------------------------

Quotations are required on the Basis of: -

<input type="checkbox"/> Per Event	<input type="checkbox"/> Per Property	<input type="checkbox"/> Both Options
------------------------------------	---------------------------------------	---------------------------------------

Excess Sum

Fire		Lightning		Aircraft	
Explosion		Riot / Civil Commotion		Strikers / Locked Out Workers	
Malicious Damage		Earthquake		Subterranean Fire	
Storm		Flood		Escape Of Water	
Impact by Vehicle		Impact by Animal		Sprinkler Leakage	
Subsidence		Theft		Full Theft	
Accidental Damage					

OR

"All Risks"	
-------------	--

Aggregate

The Current Aggregate applying is:	
This applies on a Cross Class Basis (Y/N)	

In addition you will need to identify the current basis of excess applying. With Zurich Municipal your excess may be on a 'Per Property' basis whereas with other Insurers it may be 'Per Event'. Beneath this data there is an option to request alternative quotes.

Data also has to be provided on the current excesses applying within the individual boxes per peril or on an "All Risks" basis.

Lastly, please include details of any Aggregate applying and whether this applies on a Cross Class basis.

The following page details the current Conditions and Extensions applying. Please note Exclusions have not been included as we would not wish to encourage Insurers to limit cover unilaterally.

Conditions/Extensions

Please quote including ALL Conditions marked as Currently In Force and also for any marked as Additionally Required

Condition/Extension	Limit	Currently In Force	Additionally Required
Alterations / Repairs			
Automatic Reinstatement of Sums Insured			
Capital Additions	£		
Clearing of Drains / Gutters / Sewers (inc premises owned, leased, rented or utilised)			
Contract Purchase Clause			
Designation Clause			
Deterioration of Stock	£		
External Landscaping	£		
Fire Extinguisher Expenses			
Inadvertent Omission to Insure	£		
Keys / Replacement Locks	£		
Loss Of Metered Water	£		
Non Invalidation Clause			
Other Interests Clause			
Patterns, Moulds, Plans or Designs	£		
Personal Effects – Members, Employees, Customers or Visitors	£		
Public Authorities Clause, including undamaged portions			
72 Hours Clause			
Temporary Removal of Deeds	£		
Theft Damage to Buildings			
Workmens Clause			
Deletion of Average			
OTHER			

We have noted where Limits would usually apply by virtue of a Pound symbol. This should represent the current basis of cover.

Please mark the Conditions/Extensions Currently In Force with an X in the relevant box and either an X or the higher limit required in the Additional Required box.

Please add any additional clauses using the OTHER box and by adding additional rows to the bottom of the table.

Deletion of Average

This clause will not be given automatically by Insurers, but is something for Members to consider and may form part of your scoring criteria. The deletion of this clause will reduce the potential of Insurers applying contributions for under-insurance of sums insured. This is not meant to allow Members to under-insure but does protect you from the application of the clause due to an error.

Additional Information

This box should be used to list any other matters to highlight to Insurers. For example: -

- *Which categories the Cross Class Aggregate applies to.*
- *Details of any Non-Ranking excesses currently applying and which perils/items they apply to.*
- *Any Alternative options required*
- *Any Material Facts that must be declared to Insurers*
- *First Loss limits applying*

Full Property schedules are to be included within the Appendices.

Lot 1 – Property Insurance – Private Dwellings

This follows the same procedure as for the General Buildings section, other than this is specifically for Housing/Leasehold Flats/Mortgaged Properties.

The number of Perils are increased to reflect the ‘Homeowners’ Perils that may be required.

Within the Sums Insured box please only complete the sections relevant to your Authority and mark the others as N/A.

Please amend “Other 1” 2 or 3 as required.

Sums Insured

Item	Description	Declared Value (£)	Sum Insured (£)
1.	Buildings – Housing Stock		
2.	Co-Owned Properties		
3.	Leasehold Flats		
4.	Professional Fees / Debris Removal		
5.	Other 1		
6.	Other 2		
7.	Other 3		

The remaining sections should be completed using the same instructions as applying to the General Properties section.

Lot 1 – Property Insurance – Industrial Units/Leasehold Shops

Once again this element of Lot 1 follows largely the same procedure as General Properties.

The main differential is contained within the Sums Insured where the Rental Income data needs to be listed including the number of months insured.

Please ensure that where the number of months is different to 12, that the rental income sum insured represents the total period rather than an annual figure. For example if the annual rental income is £100,000 and your number of Months Rental Income is 18, then the Sum Insured should be shown as £150,000.

Sums Insured

Item	Description	Declared Value (£)	Sum Insured (£)
1.	Leasehold Shops		
2.	Months Rental Income	N/A	
3.	Industrial Units		
4.	Months Rental Income	N/A	
5.	Other 2		
6.	Other 3		

The remaining sections should be completed using the same guidance as given for General Properties.

Lot 1 – Property Insurance – Computers

Once again the majority of the pages to completed are similar to previous sections. The major difference is the Interest / Sums Insured section.

Item 1 should include servers, printers and all computer equipment that would remain within the premises.

You may not currently purchase all covers – Computer Negligent Breakdown in particular – therefore please just mark such boxes as N/A.

Interest / Sums Insured

Item	Description	Sum Insured (£)
1.	Computer and / or Ancillary Equipment	
2.	Lap Top Computers	
3.	Other Portable Equipment	
4.	Reinstatement of Data / Damage to Computer Records	
5.	Months Increase Cost Of Working (ICOW)	
6.	Computer Negligent Breakdown	
7.	Other 1	

The remaining sections should be completed using the same guidance as given for General Properties.

Lot 1 – Property Insurance – Other

This is a further section for completion if you have any other Property Insurance that has not already been included. An example of such may be Museum Contents.

Lot 1 – Property Insurance – Business Interruption

You will need to provide details of your current Business Interruption cover. Please remember that the Sum Insured must represent the total number of Months

Interest / Sums Insured

Item	Description	Indemnity Period (Months)	Sum Insured (£)
1.	Gross Revenue		
2.	Increased Cost of Working		
3.	Gross Revenue / Increased Cost of Working (Combined)		
4.	Additional Increased Cost of Working		
5.	Other 1		

Members will insure for their Business Interruption on different basis' dependent upon their own requirements. We would recommend that you do review these with a professional adviser to ensure they meet your current needs.

The remaining sections follow the format of the previous Lot 1 sections.

Lot 1 – Property Insurance – Works In Progress

Again, the format of this section largely follows the previous guidance provided.

You will need to provide details of the specific covers required. Please note you may well not currently purchase all sections.

Sums Insured

Item	Description	Sum Insured / Estimate (£)
1.	Limit Any One Contract	
2.	Estimated Annual Value of Contracts	
3.	Hired In Plant – Limit Any One Item	
4.	Hired In Plant – Maximum Value Held at any one time	
5.	Hired In Plant – Annual Hiring Charges	
6.	OTHER 1	

Should you wish to include a section not currently Insured please note this in the Additional Information box rather than the Sums Insured box.

Lot 1 – Property Insurance – “All Risks”

This page should be completed fully unless you prefer to include a spreadsheet or table detailing your All Risks items. If so, please delete ‘Item 1’ and detail which Schedule includes the spreadsheet / table.

If differing excesses apply, please provide details of such within a separate spreadsheet rather than completing the excess boxes.

The request to note all Conditions/Exclusions applying is for the Framework Tenderers and not for Members to complete.

Lot 1 – Property Insurance – Money

Again, this section should be completed fully. Please add additional rows should the table be inadequate to detail all of your limits applying.

Additional Information

Please include a Safe Schedule within an Appendix and detail this here.

Lot 1 – Property Insurance – Terrorism

Please only complete this section if you currently purchase Terrorism insurance. If you do not purchase such cover but require a quote please request such in the Additional Information box.

LOT 2 – LIABILITY INSURANCE

Lot 1 – Liability Insurance – Employers Liability

Please complete this section based upon the current coverage in force.

You may not have an excess or an Aggregate for your Employers Liability policy, please mark these as N/A if so.

Should you have an Aggregate please note in the Additional Information box which sections this applies to.

The wageroll and FTE employees data will be of use to Insurers when establishing how the claims experience has changed, potentially due to fluctuations in numbers. Please provide as much of this information as you can.

Cover

Indemnity in respect of legal liability to pay damages to employees for death, injury or disease arising out of and in the course of employment. Including legal costs and expenses.

Limits / Excess / Aggregate

Item	Description	Sum (£)
1.	Limit of Indemnity (Inclusive of Legal Costs and Expenses)	
2.	Excess (each and every loss)	
3.	Aggregate	

Territorial Limits

Great Britain, Northern Ireland, Channel Islands and Isle of Man including temporary visits overseas by employees normally resident in such territories.

Wageroll

Year	Number of Employees (FTE's)	Wageroll
2003/04		
2004/05		
2005/06		
2006/07		
2007/08		
2008/09		
2009/10		
2010/11 (Estimate)		

Definition of Employee to include

Any Member of the Authority
Any person under a contract of service or apprenticeship
Persons Hired by the Authority
Any Labour Master or person supplied by the Authority
Labour Only Sub-Contractors
Self-Employed Persons
Persons on Work Experience or similar schemes
Authorised Volunteer workers/helpers
Any officer or member of the catering, social, sports or welfare organisation of the Authority

The definition of employee included is standard, but should you require any amendments please note these within the Additional Information box.

Lot 1 – Liability Insurance – Public / Products Liability

Once again please complete the section based upon your current Limits, Excess and Aggregates, noting which sections the Aggregate applies to within the Additional Information box.

You may not currently purchase Hirers Liability or Libel & Slander cover, if so please mark these as N/A. Once again, please note any requirement for higher limits or covers or new quotations within the Additional Information Box.

Cover

Indemnity against Legal liability for accidental bodily injury or disease (fatal or non fatal) to third parties or loss or damage to third party property arising out of business activities including goods or products (including food and drink) sold, supplied or distributed by the insured.

Costs in Addition

Limits / Excess / Aggregate

Item	Description	Sum (£)
1.	Public Liability Limit of Indemnity	
2.	Products Liability Limit of Indemnity	
3.	Excess (each and every loss)	
4.	Aggregate	
5.	Hirers Liability Limit of Indemnity (if required)	
6.	Libel & Slander Limit of Indemnity (if required)	

Territorial Limits

Worldwide excluding USA / Canada

Revenue

Year	Annual Total Revenue (£)
2003/04	
2004/05	
2005/06	
2006/07	
2007/08	
2008/09	
2009/10	
2010/11 (Estimate)	

Year	Annual <u>Hirings</u> Estimate (if applicable) (£)
2010/11 (Estimate)	

The Annual Hirings Estimate only requires completion if you currently have, or require a quote for, Hirers Liability.

Lot 2 – Liability Insurance – Officials Indemnity / Land Charges / Public Health Act

Please complete the relevant sections noting the Limits, Excesses and Aggregate (if applicable) currently in force

Limits

Item	Description	Limit (£)	Excess (£)	Aggregate (£)
1.	Officials Indemnity			
2.	Land Charges Indemnity			
3.	Public Health Act			
4.	OTHER			

Estimates

Item	Description	Sum (£)
1.	Estimated Annual Income from Local Land Charges / Search Activities	
2.	Estimated Number of Personal Searches	
3.	Estimated Number of Full Searches	
4.	Average Cost per Personal Search	
5.	Average Cost per Full Search	

Retroactive Date

Retroactive Date	
------------------	--

The Estimates are required for Insurers to establish the Land Charges Indemnity premium.

Please also highlight any Retroactive Date applying. If this varies by section please list all applying and note which section they apply to.

LOT 3 – MOTOR VEHICLE INSURANCE

Lot 3 – Motor Vehicle Insurance

Please summarise the vehicle numbers by category.

Cover

Comprehensive		Third Party, Fire & Theft		Third Party Only	
Various					

Use

Social, Domestic & Pleasure		Policyholder's Business		Hire & Reward	
Other					

Vehicle Numbers

Private Cars		Commercial Vehicles < 3.5T		Commercial Vehicles 3.5T – 7.5T	
Commercial Vehicles > 7.5T		Refuse Vehicles		Other (including 'Special Types')	

Excess

Private Cars		Commercial Vehicles		Refuse Vehicles	
Other					

It is likely most Members will not use vehicles for Hire & Reward. Please only indicate this section as required if you currently purchase such cover.

Within the Appendices please include a full vehicle schedule detailing all vehicles, the cover in force, the Use and the excess (unless it is the same for all vehicles – in which case the summary above can be used).

LOT 4 – ACCIDENT & HEALTH INSURANCE

Lot 4 – Accident & Health Insurance – Personal Accident

Please complete the Schedule to detail the current cover in force.

Persons Insured

Category	Persons Insured	Operative Time
A		
B		
C		
D		

Benefits

Benefit	Category A	Category B	Category C	Category D
Death				
Loss of limb and/or Loss of eye				
Total Loss of Hearing and / or Loss of speech				
And/or hearing in one ear				
Permanent Total Disablement				
Permanent Partial Disablement				
Permanent or total loss of use of:				
a) an arm, hand, or leg above the knee				
b) a leg below the knee or foot				
c) a shoulder or elbow				
d) a hip, knee, ankle or wrist				
e) a thumb				
f) any finger or big toe				
g) any other toe				
Temporary Total Disablement (Weekly benefit – Period 104 weeks)				

Salaries

Highest Individual Salary	
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The Highest Individual Salary is required to establish the risk to Insurers where you purchase cover on a Salary Multiple.

Should you have any additional Categories requiring cover, or any Benefits that are omitted please provide details within the Additional Information box.

Lot 4 – Accident & Health Insurance – Travel

You may not currently purchase Travel Insurance. If so, please just note the section as NOT REQUIRED within Additional Information.

Where cover is required please detail the Benefits currently in force by completing the table.

Benefits

Item	Section	Sum (£)	Currently In Force	Additionally Required
1.	Overseas Medical Expenses and Emergency Repatriation Expenses and Travel Expenses	£		
2.	Excess	£		
3.	Personal Property	£		
4.	Single Article Limit	£		
5.	Delayed Personal Property	£		
6.	Loss of Travel Documents	£		
7.	Loss of keys	£		
8.	Money	£		
9.	Cash Limit	£		
10.	Cancellation, Curtailment and Rearrangement Expenses	£		
11.	Travel Delay	£		
12.	Excess	£		
13.	Kidnap and Hijack Benefit	£		
14.	Kidnap and Extortion Coverage	£		
15.	Personal Liability any one event	£		
16.	Legal Expenses	£		
17.	Rental Vehicle Excess	£		
18.	Political or Natural Disaster	£		

In order to provide a quotation, details of your anticipated Travel Pattern for the next 12 months is required. If this is unknown, you may wish to provide the previous years (please note this within the Additional Information box)

Travel Pattern

Based upon the number of 'person days'. For example, 3 persons visiting the USA for 10 days would be noted as 30 'person days' within the USA.

Location	Estimated 'Person Days'
UK	
Europe	
USA / Canada	
Rest Of The World	

LOT 5 – FINANCIAL LOSS INSURANCE

Lot 5 – Financial Loss Insurance – Fidelity Guarantee

Please complete details of your current insurance coverage.

Some Members may have a Limit applying to “All Employees”, others may have specified persons with individual limits and a remaining limit for “All Other Employees”. Please details your basis of cover within this table.

Limit Of Indemnity

Item	Persons Insured	Sum (£)	Alternative Required (£)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.	Any Other Employee		

Conditions / Extensions

Please note that the reference to including ‘systems of check’ relates to Framework Tenderers, not a requirement for this to be provided by Members.

LOT 6 – LEGAL EXPENSES INSURANCE

Lot 6 – Legal Expenses Insurance

Members may or may not currently purchase this coverage. If you do not currently purchase this but require a quote please note this within the Additional Information box.

If cover (or a quotation) is required please provide complete the section fully.

The Sections of Cover / Limits / Excesses highlights the usual areas of cover purchased. Please note that your current basis of cover may not include all of these sections. Contract Disputes in particular is an expensive area of insurance.

This section may be used to consider alternative areas of Legal Expenses insurance such as Members Legal Expenses. Should this be required please ignore items 1-7 and amend one of the spare rows to meet such requirements.

Sections of Cover / Limits / Excesses

Item	Section	Limit (£)	Excess (£)	Cover Required Y/N
1.	Employment Defence			
2.	Tax and VAT			
3.	Criminal Prosecution			
4.	Property Disputes			
5.	Data Protection			
6.	Contract Disputes			
7.	Helpline			
8.	OTHER 1			
9.	OTHER 2			

LOT 7 – ENGINEERING INSURANCE & INSPECTIONS

Lot 7 – Engineering Insurance & Inspections – Engineering Insurance

Please complete the section fully noting the current basis of cover.

Cover

Item	Cover	Sum (£)	Alternative Required (£)
1.	Sudden & Unforeseen Damage		
2.	Damage to Own Surrounding Property due to Explosion or Collapse		
3.	Damage to Own Surrounding Property due to Fragmentation		
4.	Breakdown		
5.	OTHER		

Please note that you may or may not currently purchase all sections (for example, Breakdown).

Lot 7 – Engineering Insurance & Inspections – Engineering Inspection

There is nothing specific for completion within this section other than to note within the Additional Information box which Appendix the Engineering Schedules are included.

LOT 8 – MARINE INSURANCE

Lot 8 – Marine Insurance – Small Craft

This section will only apply for Boats and Small Craft, where relevant to the individual Member.

The Situation is to highlight the location (or locations, please use additional rows) where the items are kept.

The Items Insured details the sums involved. Please use the Additional Information box to include a full schedule of Craft or to highlight where in the Appendix such information is retained.

Situation

Ashore or Afloat at

Items Insured

Item	Description	Sum Insured (£)	Damage Cover Required Y/N	Liability Cover Required Y/N
1.	Schedule of Craft			

Excess

Item	Description	Sum (£)
1.	Excess (each and every loss)	

Conditions / Extensions

Condition/Extension	Limit	Currently In Force	Additionally Required
Third Party Liability	X		
Water Skiers Liability	X		

The Conditions / Extensions for such policies are bespoke therefore we would recommend that you carefully review with your professional advisers the conditions and extensions required.

LOT 9 – PROFESSIONAL LIABILITY INSURANCE

Lot 9 – Professional Liability Insurance – Professional Indemnity / Professional Negligence

Whilst this section should be completed to provide overall details of the services undertaken we would recommend that either a new proposal form is completed for each service and included within the Appendices or – as a minimum – the previous years form is included.

Limits

Item	Description of Services
1.	
2.	
3.	
4.	

Estimates/Limits/Excesses

Item	Limit of Indemnity (£)	Estimated Annual Fees (£)	Excess (£)	Run-Off Only Required Y/N
1.				
2.				
3.				
4.				

Retroactive Date

Retroactive Date	
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Conditions / Extensions

Condition/Extension	Limit	Currently In Force	Additionally Required
Indemnity for former Employees and Consultants			
Infringement of Copyright or Patents			

The Retroactive Date may vary if there is more than one area of service. If so, please add multiple rows to make this clear to the Framework Tenderers.

Professional Indemnity/Negligence policies are very specific to the works undertaken. We would therefore recommend that you carefully review with your professional advisers the conditions and extensions required.

Appendices

- Insurer Contact details

Insurer Contact Details

- 1. Tokio Marine (Europe) Insurance Ltd**
150 Leadenhall Street
London EC3V 4TE

Contact Name : David Batey – Senior Underwriter
Email Contact : dbatey@tokiomarine.co.uk
- 2. Allianz Insurance Plc**
57 Ladymead
Guildford
Surrey GU1 1DB

Contact Name : Mark Smith – Account Development Manager
Email Contact : mark.smith@allianz.co.uk
- 3. Ecclesiastical Insurance**
Beaufort House
Brunswick Road
Gloucester GL1 1JZ

Contact Name : Amanda Hone – New Business Manager
Email Contact : Amanda.hone@ecclesiastical.com
- 4. Aspen Insurance UK Ltd**
30 Fenchurch Street
London EC3M 3BD

Contact Name : Clive Edwards – Head of UK Commercial
Email Contact : clive.edwards@aspeninsurance.co.uk
- 5. Travelers Insurance Company Ltd**
61-63 London Road
Redhill
Surrey RH1 1NA

Contact Name : Jane Glyn – Deputy Product Manager
Email Contact : jglyn@travelers.com
- 6. Ace European Group Ltd**
Ace Building
100 Leadenhall Street
London EC3A 3BP

Contact Name : Les Vincent – Business Development Manager
Contact Email : les.vincent@acegroup.com

7. Zurich Municipal

Zurich House
2 Gladiator Way
Farnborough
Hampshire GU14 6GB

Contact Name : Barbara Faal – Regional Manager
Contact Email : Barbara.faal@uk.zurich.com

8. Aviva Insurance UK Ltd

City National Brokers
1st Floor
51-54 Fenchurch Street
London EC3M 3LA

Contact Name : David Townsend – Senior Trading Underwriter
Contact Email : david.townsend@aviva.co.uk

9. Liberty Mutual Insurance Europe Ltd

3rd Floor
Two Minster Court
Mincing Lane
London EC3R 7YE

Contact Name : Duncan Spencer – Vice President
Contact Email : Duncan.spencer@libertyiu.com

10. RSA Engineering

St Marks Court
Horsham
West Sussex RH12 1XL

Contact Name : Tom Cass – Engineering Inspection Development Manager
Contact Email : tom.cass@uk.rsagroup.com

11. Risk Management Partners

9 Alie Street
London E1 8DE

Contact Name : Julian Cummings – Account Director
Contact Email : julian.cummings@rmpartners.co.uk

Frequently Asked Questions

What are the benefits of establishing a Framework agreement for the procurement of insurance cover?

The key advantages of a framework approach are that:-

- the procurement process workload and cost for both insurers and local authorities is reduced substantially
- the level of insurer competition increases as they are attracted to the shorter, simpler and cheaper call-off process once the framework is established. Effectively they need to respond to one complex tender in order to secure an opportunity to quote for all authorities of the same type over a 4 year period.(11 insurers are appointed to the South West Councils Insurance framework)
- insurers will offer some volume premium discounts and cover enhancements to framework users to reflect their savings in business acquisition costs
- an electronic Framework tender document will provide consistency of data and presentation to insurers and ease of use for Framework users.
- a Framework structure will generate maximum interest from insurers through minimising the PQQ workload
- Competitive pressure is maximised for the benefit of each individual authority whenever quotations are sought
- it makes it easier for local authorities to secure competitive quotations in a much smaller timescale if long term agreements with insurers are broken
- insurers are less likely to break long term agreements as they know that a competitive framework will respond to any call of arrangements.
- there is no capital requirement from local authorities and minimal start up costs
- there is no need for framework users to align renewal dates, LTAs, scope of cover or programme structures
- each framework user can make its own decision over which insurer(s) to use
- a high rate of return is achieved for the framework users for the investment in the exercise – the first four District Councils to use this framework saved a combined total of £214,000 in the first year, with a further £667,000 of projected savings over the next four years. This represents a return on investment of 1,360% on the investment in this project!!

Why can't the framework be used by organisations other than District/Borough Councils and National Park Authorities?

In an ideal world the framework would be open to all public sector organisations, but the range of organisations from County Council, unitary authority, district council, NHS Trust, police, fire authority to housing association all represent vastly different risks. Individual insurers have different underwriting appetites and strong preferences to write or not write cover in respect of some of these activities. In order to attract maximum interest from insurers and secure a commitment from them in terms of providing quotations, premium discounts and

cover enhancements it was necessary to provide them with a homogenous group of risks. This ensures that the insurer understands the risk exposures that it will be required to quote for and gives the underwriters the confidence to compete strongly for each insurance tender.

The framework only has a lifetime of four years. Can my authority place cover under a five year long term agreement?

Yes – Any eligible authority can seek to place cover under a long term agreement which exceeds the lifespan of the framework agreement, provided that the contract starts within the currency of the framework. In the event that a long term agreement is broken by insurers then the authority must either re-tender the risks via the framework, or any successor framework, but if the framework has expired and there is no replacement in force then the individual authority must re-tender the programme via a full public procurement legislation compliant tender.

Can I access the framework without using an insurance broker?

No. It was the intention to remove as many barriers to insurers participating in the framework as possible. Zurich Municipal of course has a direct dealing business model and this framework does not seek to change that.

However, most insurers require cover to be placed via a broker agency as they rely on brokers to collect premiums for them, undertake credit control, play a part in policy issue and to act as the interface between underwriter and policyholder. Therefore in order to access all insurer quotations each authority is required to appoint a sole broker to secure quotations and evaluate tenders received. Whether there is a need for any broker to be retained on an ongoing basis will depend upon the outcome of the tender, but any ongoing broker fees will need to be added to the insurer premiums and compared to the Zurich terms in order to compare the total cost of each insurer option.

Is there any obligation to use the services of Heath Lambert to access framework insurers?

No. Heath Lambert are the insurance advisers appointed by South West Councils for the sole purpose of establishing the Insurance Framework. Their contract does not include acting for individual authorities in call off arrangements, beyond the first wave of district councils that required cover to be placed by 1 October 2010.

Individual framework users are free to use whichever insurance broker they wish to appoint to act for them, although it is recommended that a broker with public sector experience is used, and authorities must use an insurance broker who

have a current agency agreement with all of the insurers on the Insurance Framework. A summary of insurer comments about the acceptable brokers are included in the Framework User Guide.

Is there any cost to me in using the South West Councils Framework Agreement?

There is an administrative charge of £200 payable to Teignbridge District Council as a contribution towards the administration of the Framework and towards the cost of processing the application.

Must I use the tender document template provide in the information pack?

Yes. One of the arguments for attracting insurers to the Framework was the undertaking to present tender information to them in a consistent format. However, there is no problem with individual authorities adding detail to the documents in order to provide further relevant risk information.

Please explain the reference to commission payments in the User Guide and Invitation to Tender documents?

It is accepted that insurance brokers provide a number of services for insurers, which the insurers themselves are not resourced to do. Examples include premium collection, credit control and policy issue. By way of payment for these services, insurers pay brokers a low level of “commission”. These insurers have taken a business decision to outsource this work and out intention is to ensure that the framework is structured in such a way to attract insurers rather than disqualify them. In the event that an insurer appointed to the Framework requires cover to be placed through the agency of an FSA registered insurance broker appointed by an individual Framework User, it is accepted that a commission of not more than 2.5% may be paid by the insurer to the appointed broker as compensation for work undertaken by the broker on behalf of the insurer. Any such payments are to be declared to the Framework User upon request.

Insurers are however required to submit quotations net of all normal commissions and contingent commissions (any commission dependent upon volume placement or profitability via a specific agency agreement).

Does the use of brokers add to the cost of placing cover via the framework?

An insurance broker will make a charge for work in connection with a tender exercise and this would typically be in the region of £4,000 - £5,000. The workload in relation to the framework call off arrangements is reduced and a lower charge for this work should be payable than for a full public procurement

compliant exercise to reflect this. As most authorities use a broker in tender exercises anyway, this is viewed as an additional saving, rather than an additional cost.

If cover is required to be placed via a broker's agency agreement then they will require an annual fee for provided the placement and advisory service to the local authority. The cost of this needs to be included in the comparison of costs with any insurers who agree to deal direct with the authority to ensure that the total cost of each option is compared.

Insurers are requested to quote for all risks presented to them. What will happen if they decline to quote?

Teignbridge District Council are monitoring the performance of the framework and the behaviour of both insurers and framework users to ensure that the conditions of the framework agreement are complied with. It is accepted that insurers may be unable to quote for some specific cases, mainly where the risk exposures are for some reason not covered by their reinsurance arrangements or where the individual authority fails to provide the information required, or to allow sufficient time for the insurer to quote. However, if an insurer fails to provide quotations outside of these two areas of justification, Teignbridge District Council will initially seek to resolve the situation but if there is a persistent failure to comply, the insurer will be removed from the framework.

My authority has a requirement for an insurance class of business (e.g. Aviation risks) not specified in the Insurance Framework. Can I use the framework but tender this specific risk outside of it?

Yes. In the event that an authority has an insurance requirement which is not covered by the Lots listed in the Framework, the authority can tender for that risk outside of the framework but still use the framework to obtain quotations for the main insurance programme.

Is my authority able to vary the Contract Award Criteria shown in the User Guide and ITT documents?

All framework users are required to award contracts on the basis of MEAT criteria, split between a 40% weighting on price and 60% weighting on non-price or quality criteria. However individual authorities are required to specify their own sub criteria within the two main headings and can allocate sub criteria weightings to suit their own requirements.

When my authority awards a contract under call off arrangements under the framework, do we need to observe the standstill period and publish a contract notice?

Yes. Although legal opinion on this point is divided due to the results of the framework appointments having been subject to a standstill period, an undertaking was given to insurers in the framework tender that a standstill period would apply to each call off arrangement. Failure to observe this requirement would mean that the framework is non-compliant with the rules set at the outset of the exercise.

What will happen at the end of the four year framework period?

On the assumption that the framework continues to demonstrate the same level of success as that shown in the first three months, it is envisaged that the framework will be re-tendered in 2013 so that a new framework is ready for use in 2014.